WITH THE EDITORS

The Crash In DeVoe & Raynolds

IT is understood that an investigation by the Stock Exchange has followed the DeVoe & Raynolds fiasco, but is not this again putting the cart before the horse?

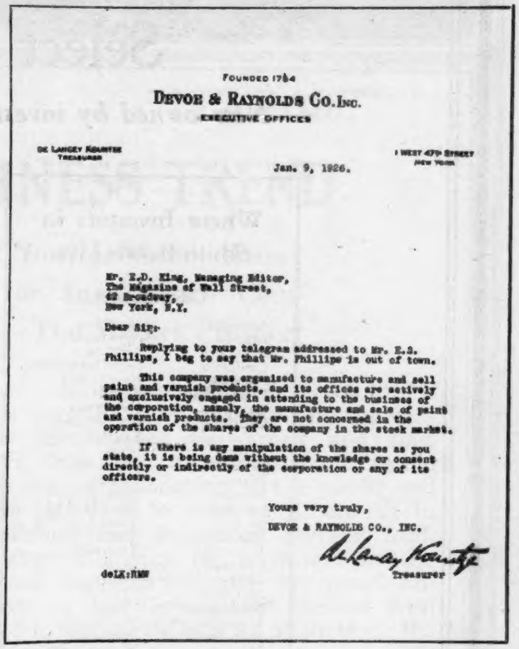
The present procedure involves a big fuss after the party is over, but this does not restore equilibrium to the stock that has suffered, nor cash to those firms which have been grievously injured in the crash. Most of all, it does not increase the confidence of the public in Wall Street as a national institution. What we need is the ounce of prevention instead of the pound of cure—which does not cure.

There is no doubt that the operation of pools having headquarters in various brokerage offices make for increased activity in the market and more "commish." But is it right that the facilities of the Stock Exchange should be used for the purposes of a conniving group of speculators in order to filch from the public ten, twenty or fifty points in a certain stock while no one is looking?

It is a great question today whether certain Wall Street firms are stock brokers, or pool operators with stock brokerage attachments.

In the interest of our readers and the public, however, we believe it is time for the Exchange to call a halt on guerrilla operations which make victims of those who endeavor to secure profits from legitimate movements of securities.

It is certainly no credit to Wall Street that it is infested with groups of organized bandits striding up and down Wall Street cracking the whip of stock prices and making an unorganized public dance—through the machinery of the Exchange.



FOUNDED 1784

DEVOE & RAYNOLDS CO. INC.

EXECUTIVE OFFICES

DE LANCEY KOUNTZE
TREASURER

1 WEST 47TH STREET
NEW YORK

Jan. 9, 1926.

Mr. E.D. King, Managing Editor,
The Magazine of Wall Street,
42 Broadway,
New York, N.Y.

Dear Sir:

Replying to your telegram addressed to Mr. E.S. Phillips, I beg to say that Mr. Phillips is out of town.

This company was organized to manufacture and sell paint and varnish products, and its offices are actively and exclusively engaged in attending to the business of the corporation, namely, the manufacture and sale of paint and varnish products. They are not concerned in the operation of the shares of the company in the stock market.

If there is any manipulation of the shares as you state, it is being done without the knowledge or consent directly or indirectly of the corporation or any of its officers.

Yours very truly,

DEVOE & RAYNOLDS CO., INC.

DeLancey Kountze

Treasurer

deLK:HMW

As shown by the above letter, the officials of De Voe & Raynolds were in no way responsible for the unfortunate break in the stock. This was essentially due to the manipulation by a group of ill-advised professional operators. Regardless of the responsibility for the decline, however, those of the public who bought the stock at high prices suffered great losses.

In The Next Issue

A. **Special Security Features**

1) Companies Whose Working Capital Per Share Is in Excess of Their Market Price.
2) Attractive Bonds on the N. Y. Curb Market.
3) Railroad Preferred Stocks Rated for Investment and Speculative Appeal.
4) The Chemical Stocks and Their Outlook.
5) Comparing the New Stocks Listed on the N. Y. Stock Exchange.

B. **A Complete Analysis of the Position and Outlook for the Stock Market**

—especially timely and important on account of the uncertain trend of stocks since the beginning of the year.

C. **Will the Restrictive Immigration Act Prove Harmful to American Business and Labor?**

—this subject is discussed from a startling new angle, casting light on one of the most important problems before America today.

Other features of the Magazine will provide many suggestions as to the best way in which to invest your funds today. We have made this issue extremely practical and useful to the ordinary investor. Be sure not to miss the next number.

The MAGAZINE of WALL STREET

EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Mergers and the Government—What Now for Money Rates? —A Growingly Attractive Field for Investment—Commodity Prices and Stock Movements—The Market Prospect

THE Attorney General's announcement that the Department of Justice would investigate recently contrived or projected food mergers threw a cold chill on the aspirations of those involved in these deals. The result was a wide open break in the market price of the more prominent of these issues.

The conclusion seems to have been hastily drawn that the Administration has turned hostile to the theory of consolidation and the tendency now seems to be for the speculative community to look less favorably on the so-called merger stocks than has been the case heretofore. This is a premature deduction. The fact is that the Administration, according to the President's own pronouncements on the subject, are well disposed toward concentration of capital or consolidations as a necessary stage in our economic development. This is particularly true of railroad consolidations, a project with which the Government is heartily in accord.

As a matter of fact, even in the industrial field which has already witnessed many important mergers, the Government has found little occasion to protest and the assumption is that it sees little in the situation to warrant legal action. In the case of the food merger, a somewhat different situation developed. This was particularly the case with the bread combine. Here we had a situation where the commercial bread-making facilities of the nation were to be monopolized to a fairly appreciable degree. The social implications of this situation could not have been ignored and it is a fair assumption that unless the Attorney General had acted quickly, a storm of protest would have descended from many quarters.

From a more sophisticated viewpoint, it may be that the Administration in its willingness to sacrifice the bread and food mergers felt that in doing so it would receive the commendation of the public and thus be left free to deal as it saw fit in the railroad and industrial merger field. Howsoever this may be, it should not be concluded that the recently expressed antagonism of the Government toward food mergers in reality reflects its attitude on the consolidation process, as a whole.

MONEY RATES

DESPITE a somewhat higher call money level, due principally to the unwillingness of country banks to loan on speculative stocks on account of possible local reactions against this type of loan, money rates on the whole are somewhat easier. Time money is now down to 4½% against 5% several months ago and commercial paper has receded slightly to 4½%. With this situation developing concomitantly with what seems the commencement of a slight shrinkage in business, it does not seem likely that rates will harden again in the near future. Of course, a large quantity of new financing is in process but the aggregate is not likely to be in excess of last year. It would seem that there is no occasion to fear stringency in the money markets for the time being though rates, to be sure, are considerably higher as an average than a year ago. In the meantime, the effects on fixed-income bearing securities has been salutary. The bond market continues to show unusual

firmness with considerable outside investment buying a feature. An upward trend in bond prices is manifesting itself and it should continue for some time longer.

PREFERRED STOCKS

THIS brings attention to the position of the preferred stock group. As a class, these issues have been neglected in favor of common stocks, a natural development in view of the persistent interest in junior stocks during the past year. With the position of speculative stocks now more uncertain, however, investors are commencing to turn their attention to securities more stable in character. The result is that interest in preferred stocks, as well as bonds, is broadening. Many good opportunities for both income and moderate price appreciation are still to be found in these issues. For further information we call attention to our Preferred Stock Guide on page 823.

PRICES AND STOCKS

THE very close relationship between commodity prices and stock price movement has never been better illustrated than during the current period. Firming raw sugar prices have been accompanied by a fairly extensive upward movement in the sugar stocks. Copper stocks have moderately advanced, an accompaniment to a half cent advance in the price of the red metal. Petroleum securities have responded to higher oil prices. On the other hand, the sluggishness of the steel shares may be traced to a receding market for steel products.

Of course, prices of commodities are the result of the reaction of demand on supply. Hence, the movements in stock prices are originally traced to the fundamental position of the industries which they represent. Since, however, the results of this situation are reflected in fluctuations in the price of raw commodities, speaking of those industries directly dependent on primary markets, it is obvious that the price movements in a given commodity often is a good barometer of the direction of that group of stocks which are specifically related to that commodity. Hence, a rising sugar market heralds an advance in sugar stocks, while a falling market would bring about a downward movement in those stocks. At the same time, a significant drop in petroleum prices would be reflected in lower prices for oil shares. These are given merely as illustrations. For the investor without time to dig into the formidable mass of statistics required for a proper analysis of the position of a given industry, it would be a handy thing to know the price trend of the principal commodity on which it depends, as a possible clue to security movements.

The Market Prospect

THE present uncertain position of the stock market is in direct conformity with the irregular aspect which has been increasingly manifest in business conditions during the past few weeks. This is not to say that there is a business slump but that the situation and immediate outlook is not such as to arouse the imagination. It is for this reason that the market has been singularly unresponsive to continued developments along the lines of dividend increases and favorable earnings reports.

The recent break in many highly manipulated stocks has led the public to the sobering conviction that stock prices in abundant instances represent fictitious values and do not truly reveal intrinsic worth. This will explain the comparative abstinence of the public from stock speculation and, also indicates the professional auspices under which the market is being conducted today.

That stocks are now showing a tendency to find their true levels, is not open to question. Withdrawal of pool support in some conspicuous instances and their increasing difficulty in luring on public participation explains a growing tendency toward weakness. It is to be noted, however, that the most successful pressure has been exerted against the comparative newcomers to the market rather than the older and sounder issues.

During the weeding-out process which seems in prospect for the period immediately ahead, it is clearly the wisest policy to avoid any but the strongest stocks. Such stocks especially as are selling out of line with their earning power as recently revealed in their 1925 reports should be rigidly excluded. It is for this reason that the 1925 earnings statements should be closely scanned, for in many cases they will indicate whether the present selling prices of the stocks are justified. By careful discrimination, the investor may still find attractive stock opportunities without incurring the risk of speculating in issues which are definitely over-priced.

Saturday, February 20, 1926

How One of the Highest Government Officials Views the Business Outlook

—As Interviewed by E. D. King—

THE author of the statements in this interview is one of the outstanding figures of the Administration. Few are in a better position to speak with authority of business conditions in this country. Hence, his views will command great interest for the light they cast on the outlook. They are particularly valuable at this time because of the uncertainties which have commenced to mark the situation. Since several of the statements made here might be construed as inharmonious with the Administration's policy, it was deemed best to keep the authorship anonymous. This decision, though perhaps regrettable, in no way detracts from the importance and value of the views as expressed.

OUR conversation touched on many points of interest to business men and investors; the present business situation; foreign competition; the tariff; investments in foreign issues; instalment-plan buying and its effects; the reason for hand-to-mouth buying and many other interesting and vital matters. That business had reached an uncertain point though little cause for apprehension existed seemed most chiefly stressed.

"In your estimation," I asked, "are there any reasons to question the permanency of our prosperity; do you look for a change in the underlying situation which would warrant a less hopeful attitude on the outlook than has been prevailing?"

The answer came slowly but remarkably explicit. "There are two ways in which the business outlook should be viewed. One would consider the present situation and, say, the outlook for the balance of the year. The other would look further ahead.

Present Reaction

"For the present, I entertain no apprehensions. Though we are just now in a period of slight reaction from the recent great volume of commercial and manufacturing business, this is purely a seasonal condition. It generally occurs at about this time of the year. The situation, in fact, is fairly steady and seems well-balanced.

"The producer is not disposed to pile up stocks far in advance of his ordinary requirements since past experience shows him that his market will not absorb his surplus. Consequently, he attempts to produce in proportion to what he believes is the true demand for his commodities.

"The fabricator or consumer of these commodities sees no reason to anticipate his own customers' demands too far in advance and is therefore content to operate on what amounts to a hand-to-mouth basis. Under the old conditions, before the war, this might reasonably have been construed as a sign that business men were uncertain as to the future and that they preferred to limit their commitments. This is not true today. Merchants and manufacturers know that even if their business develops more rapidly than expected, they still will be at no loss to fill their requirements because of the large potential production. Consequently, they cannot be driven into the market even if a temporary price advance seems impending. They prefer to wait for the price to react before they buy.

"This confidence in the availability of goods when wanted is a marked characteristic of present American business methods, and it seems a permanently established feature. Naturally, the result is to maintain the nation's finances in highly liquid form and accounts for the fact that despite a generally high average of business transactions, the cost of credit has not advanced materially. In former days, the piling up of inventories, frequently for speculative pur-

poses, resulted in tying up very large amounts of capital and thereby increased the interest cost. The present system therefore represents a very substantial improvement.

Railroad Efficiency

"One of the great contributing factors to the present system of hand-to-mouth buying and the general confidence business people have in their ability to secure goods on reasonably short notice is that the railroads are operating at a high point of efficiency. The progress which our leading roads have made in recent years in regard to cutting costs, fuel, labor and materials, has not only been one of the causes for their growing prosperity but has been one of the chief factors in the prosperity of the nation at large. Without our present railroad efficiency, our prosperity would be short-lived.

"The railroads seem destined even for greater feats of achievement along the lines of producing greater operating economies. This is one of the most beneficial aspects of the entire situation.

"As to other great basic industries, there seems little reason for skepticism, at least for the present. It is true that there has been too much building in certain localities. On the other hand, many localities are still underbuilt. Consequently, a recession in activities in one center will be offset by an increase of construction in others. The general outlook is that building and construction in 1926 will not fall far short of the stupendous total for 1925.

"Steel trade conditions are good. The railroads will buy larger quantities this year than last and this will tend to offset any losses from the building or, possibly, automotive industries. Since the railroad, building and steel industries represent the basic industries and since their conditions are representative of business, as a whole, it is apparent that their continued activity betokens similar activity in other industries. In fact, it is my view that after the present seasonal recession has passed, there will be a decided increase in general business which may even result in a comparative labor shortage by the end of the year."

"While all these manifestations are encouraging so far as the more or less immediate future is concerned, there are several factors in the situation which should make the thoughtful business man stop and ponder. These deal rather with the long-range outlook for business in this country.

Instalment Plan

"The first of these matters is the growing predilection of the population to buy on what is known as the instalment-plan. There is no reason to question the adaptability of this method of payment to our needs and, certainly, a good part of the increase in general business may be traced to the stimulation given by the instalment-plan. However, this plan of purchase involves the mortgaging of future earnings. It is apparent that satisfaction of consumer needs during the period in which he pays for goods previously bought may lead to intermittent periods of slackness in the general demand. If intensified by the withdrawal of large portions of the buying public at the same time, it is not difficult to perceive a potential danger to business. For the present, however, this factor offers no great problem nor is it likely to except in the event of a general decline in business when, in all likelihood, the forced withdrawal of millions from the purchase of goods would intensify the decline.

"Another factor which will probably bear heavily on the long-range outlook is the undoubted tendency on the part of Europe to restore her commercial and manufacturing position as it stood before the war. Great strides have already been made, particularly in Germany which today stands about as well-equipped as ever from the viewpoint of manufacturing efficiency. We must be prepared to face a situation whereby we absorb an increasing proportion of foreign goods. This is not only inevitable but, from a broad economic standpoint, desirable.

Investments Abroad

"Various European nations are either already paying their debts to this country or will shortly prepare to do so. There is only one way in which these nations can pay us and that is if the United States is willing to accept their goods as payment. We already have more gold than needed and even if Europe could pay in gold, which she can't, it would be of no earthly use to us. Of course, we can assist in her recovery by investing, as we are doing, in her industries. But unless we are also prepared to take goods whose production is made possible by our investment, it stands to reason that not only would our new investment be jeopardized but the economic position of Europe would again be seriously weakened.

"Whether or not we are prepared or willing to accept foreign goods, as a theoretic economic proposition, from a practical viewpoint it is difficult to see how we can keep these goods out. *Even the tariff will not be effective in eliminating foreign competition in a number of important lines.* We must bear in mind that Europe's costs of production are far lower than our own. Various nations have recently set about in adopting our best technical methods of production. Combined with an initial low cost for labor and intensive methods of production, it is clear that Europe will be in a fine position to undersell us. Of course, this will take time, perhaps will not develop fully for a number of years but it is nevertheless one of the really important factors in the long-range position of American business.

Should Americans Invest Abroad?

"As to whether Americans ought to invest in foreign securities, I can hardly answer this as a general proposition. I believe that in the case of loans for purely productive purposes and where reasonable care has been exercised to safeguard the interest of the investor, there should be little cause for apprehension. Some of the recent foreign loans are just as attractive as our own domestic issues, even more so, since they yield a higher rate of interest. There are, on the other hand, a number of recently listed foreign issues which are rather questionable as to security, but these are for non-productive purposes. Among these are certain foreign Government issues, including municipalities.

"Just because an issue is of foreign origin is no reason, in my estimation, for rejecting it. Certainly, if European enterprise is to work back to normal, someone will have to invest in these issues and who is in a better position to do so than the American investor? This, however, is not to be construed as a blanket endorsement of foreign

issues as such. The usual discrimination which must be exercised in the case of domestic investments must be shown in the purchase of foreign securities.

Interest Rates

"Returning to consideration of domestic business problems, there is one factor which has not been as fully appreciated as it should and that is the still very large amount of investment capital in private hands. Few seem to understand the great change which has taken place in American money conditions in the past few years. Yet its physical manifestations are all about us. Just stop to consider that with all the tremendous amount of building and construction, with all the manifold business transactions which absorb capital at a terrific rate, there is still a great abundance with which to finance future enterprises. As long as this situation continues, it is difficult to imagine a real decline in business conditions. My impression is that with such an underlying situation, interest rates cannot advance very far above the present. Indeed, they are more likely to decline over a broad period.

"It is thus obvious that the various factors contributing to the entire business trend, while not uniformly favorable, tend to offset one another with the general result of a fairly well-balanced situation. The domestic needs for various goods and services are still very large and it takes a substantial volume of production to keep pace even under ordinary conditions. Of course, the foreign import situation presents a definite problem but even an increase in imports in itself would hardly be serious in its effects except in specific lines which may be affected for reasons not applicable to business, as a whole. All in all, I see very little cause for doubt as to the business situation just ahead. Considering that we have been enjoying prosperity over quite a long period, it seems to me that such an outlook should be considered reassuring and that we ought to be prepared for any minor reactions as a perfectly natural and not alarming development."

Conclusion

The sanity of the views presented in the above is welcome. Many doubts have been expressed recently about the permanency of our business prosperity and recent straws such as the drop in U. S. Steel unfilled orders, the adverse balance of trade in January, and the decline in commodity prices have been seized upon by those pessimistically minded as an opportunity to herald a major decline in business.

We present herewith a graph showing the total volume of business transactions which indicates that the present represents a record-breaking volume of general business. Even a moderate-sized reaction from this point would scarcely show that we are verging toward a period of depression.

An adequate summary of the business outlook as conveyed in the above interview would be something as follows:

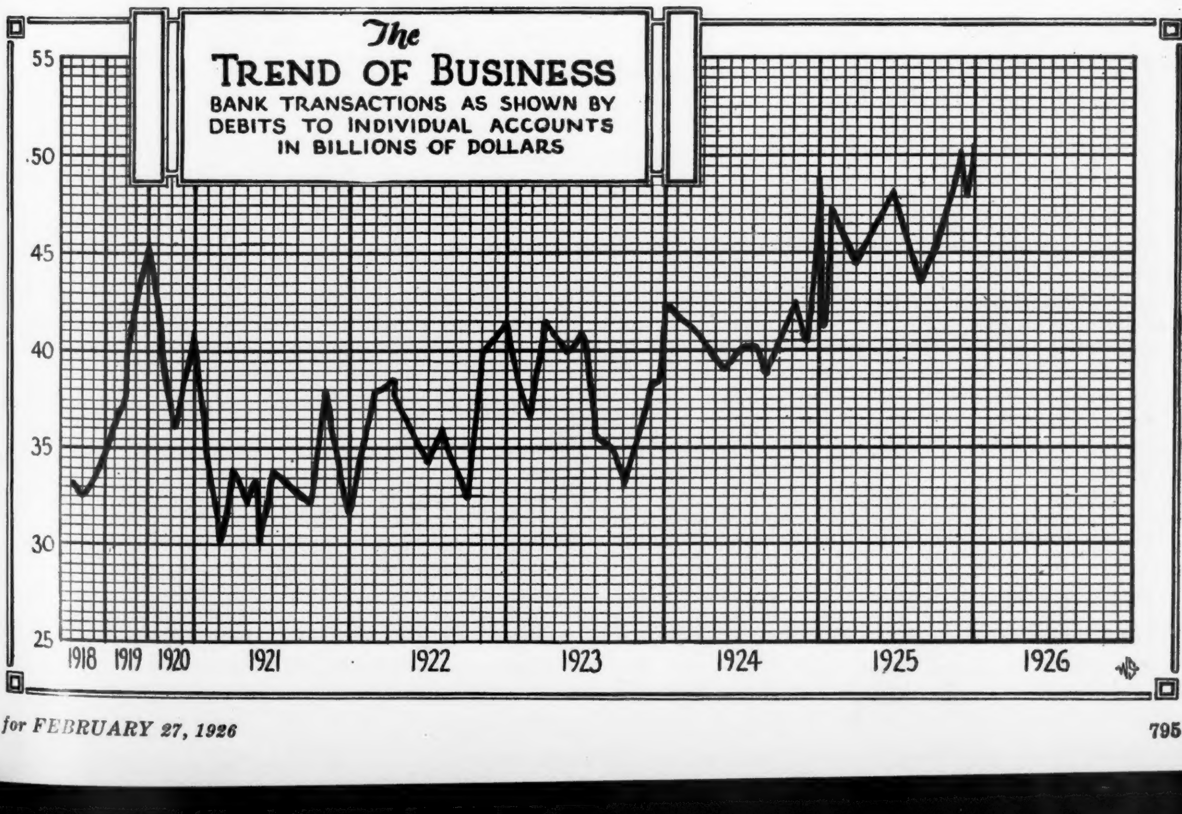
(1) The present and immediately prospective situation is satisfactory, though an irregular trend will probably continue to be demonstrated for some time.

(2) Following this period of irregularity, business should resume its upward course.

(3) The total volume of business in 1926 will probably not fall far short from that of the previous year.

(4) There are several potential dangers, of which the first is the too rapid growth of instalment-plan buying, and the second is the growth of foreign competition. Neither are factors of immediate importance though they may do some damage so far as the long-range future is concerned.

(5) With demonstrated efficient business methods, with ample capital available for commercial and manufacturing enterprises and with a sufficient degree of restraint and intelligence in business direction, there seems little in the situation to cause us to fear the outcome.



Bankers Frown Upon Pools in Granting Collateral Loans

High-Priced Stocks Also Require a Large Capital to Play With—Superiority of Stock Exchange Collateral

Recent disastrous breaks in pool manipulated securities have focussed market attention on the part the banks play in correcting such wild movements. Just how the banks lend money on security collateral is described in exact detail in this article.

PRACTICALLY all stock operations, especially on margin, are financed through bank loans. Obviously, stock exchange transactions could not endure for a moment without the aid of brokers' loans, extended principally by the New York City banks.

The policy of these banks concerning the value they set on securities offered as collateral for loans, is perhaps as valuable a barometer as any, with reference to possibilities of strength or weakness in stocks. It would be more accurate to say that it is a thermostat, for the bank has its own ideas of values as a basis for loans, and market values tend to conform to bank judgment.

The standard brokers' loan is that on New York Stock Exchange collateral. Such loans are usually protected by the broker putting up collateral to the value of 125% of the amount of the loan. Suitable collateral consists of stocks and bonds listed on the N. Y. Stock Exchange, primarily stocks. The bank places a set value on some of these stocks, which may or may not equal the market value, and takes other stocks at market value. Almost any listed security is acceptable as collateral except an occasional "lame-duck," bankrupt, cat-and-dog, or a dangerously manipulated or cornered stock. When too much collateral of the unacceptable variety is given on a loan, bankers picturesquely say that one can hear the "cats and dogs" scratching the bottom of the box—i.e., the box in which the securities are deposited.

Every Bank Has Its Own Policy

There are as many loan policies in Wall Street as there are banks. No one principle of valuing securities offered as collateral governs even a large part of the banks. Some are extremely vigilant, the so-called "crabs"; while others are complaisant to a degree. Naturally, the stronger brokers are attracted to the "crabs" as they conform to their strict requirements and thus secure advantageous accommodation. The so-called generous banks are governed either by loan clerks, or by vice-presidents who are often merely glorified loan clerks. Nevertheless, despite these variations, there are some general principles that guide the most careful banks.

High Priced Stocks Usually Valued Down

Stocks, selling, at, say, above 160, would be accepted as collateral by conservative banks at from 25 to 50 points, or even more, below market price. The reason for this is that stocks of this type have wide swings on a small volume of sales. Where other securities swing 2 to 4 points, these can easily move 20 to 40, or proportionately greater than their higher value. A stock selling at 300 losing 40 points has had a much more severe decline than one at 75 declining 4 points. Short selling does not so easily provide a "cushion" for the decline, and rich men are required to support the market against extensive declines. This devaluation by many banks means, of course, that stiffer margins proportionately will be demanded on the high-priced stocks by the brokers. A few of the so-called generous banks, however, do not devalue high-priced stocks.

Banks Wary of Pool Operations

With reference to the great majority of stocks, market value is the only basis on which they are accepted as collateral. But wherever banks suspect that a stock is being touted by pools, policy begins to differ. Some banks will take such stocks at market price, others will not touch them at all, and there are all shades of policy in between. As the pool weakens, however, those banks who will not "touch them at all," speedily increase in number.

A good average method of handling such stocks is that known as "limiting." Brokers are compelled to limit the amount that they can put in as collateral. For example, on a loan of $200,000 the banks will permit only 100 shares of a stock, priced at 50, in the collateral. Some banks will devalue the stock from 50 to only 25. Some will devalue and limit. The same rule applies to speculative or rapidly gyrating stocks.

There is a great danger here to margin traders. The broker must call upon him to make up what the banks will not give. Why should he do what the bank dares not do? Granted that they seek safety and he profit, yet this situation should cause him to pause for thought.

Naturally banks are more liberal with brokers they have dealt with for years and found invariably responsible. Many concessions are made in such cases, in the matter of collateral. Other brokers, less favored, find it much harder to carry clients in stocks the banks do not look upon with favor.

All banks immediately call upon brokers either to pay up, whenever there is a drastic decline in stocks, or to add to the collateral, or to substitute collateral, or sometimes to withdraw part of the loan, add to collateral on the remainder, and also improve the collateral quality, or any other such combination. In any loan—call or time—brokers may of course substitute satisfactory collateral at will without previous notice to the banker, and the banker has the same right to demand substitution without previous notice. The bank can thus throw out of the collateral a security whose character has changed: that is, one which from a steady stock has become a market football. Change in the intrinsic value of the stock would also sometimes be a reason. There is a lesson for the trader here. Since bank loans are the sinews of war on the Stock Exchange, he should study the ability of stocks to resist declines as a vital feature bearing on their market destiny.

The recent orgy of pool manipulation, and the consequent market break, are instructive with reference to what happens when pools have to rely exclusively on their capital, and the public does not "bite."

Stock Exchange Collateral Enjoys Favored Position

Stock Exchange loans are made principally at the "money post" on the floor of the Stock Exchange. Bankers and brokers make known their desires to loan and borrow, and arrangements are made automatically. This applies to no other collateral than listed securities.

If neither banker nor broker takes any action on the following day, the loan is automatically renewed at the 11 A. M. renewal rate. After 12:15 P. M. the loan stands for the day and is governed every other day by the renewal rate at 11 A. M. that day. There is no bargaining. The method is automatic. After 12:15 P. M. the banker cannot call the loan until 10 A. M. the next day. Private agreements may be entered into, however, for such withdrawals.

After 2:15 P. M., expiration of delivery time, the bank cannot demand substitution of collateral. Most banks, therefore, send out such demands by mail, to reach the broker before 10 A. M., the next day.

Brokers' Balances Give an Illusion of Higher Money Rates

Brokers frequently find that they have not fully covered their loans at 2:15 P. M. Accordingly they must obtain some further accommodation, and they have until 3 P. M., close of the banking day, to do so. They go into the "money crowd" and bid, under pressure of time, for such accommodation. Hence rates fluctuate up and down quickly, and newspapers carry elaborate ignorant accounts of "fluctuations in the money rate." Even Wall Street men are frequently deceived. Such spectacular bidding, usually for, say 1% or 2% of a broker's loans is featured, whereas the renewal rate that governs 98% or 99% of all loans is passed by quietly because it is taken for granted. Renewal rates on demand loans are the true "money rates." Broker's charges to clients should take this as a basis.

Responsible brokers will try to keep their bank loans on a 50-50 basis, one half demand or "call" loans, and the other half, time loans. Naturally there are periods when this ratio is displaced, but it should be a guiding star. Brokerage houses that follow this rule of "insurance" are, by definition, responsible. This ratio safeguards against sudden withdrawal of funds. In this manner reputable brokers safeguard the stability of the market.

It may be mentioned, in passing, that a broker in good standing expects accommodation to five times the amount of the cash balance he carried with his bankers. A one million dollar balance

(Please turn to page **859)**

What Conservative Banks Will Lend on High-Priced Stocks

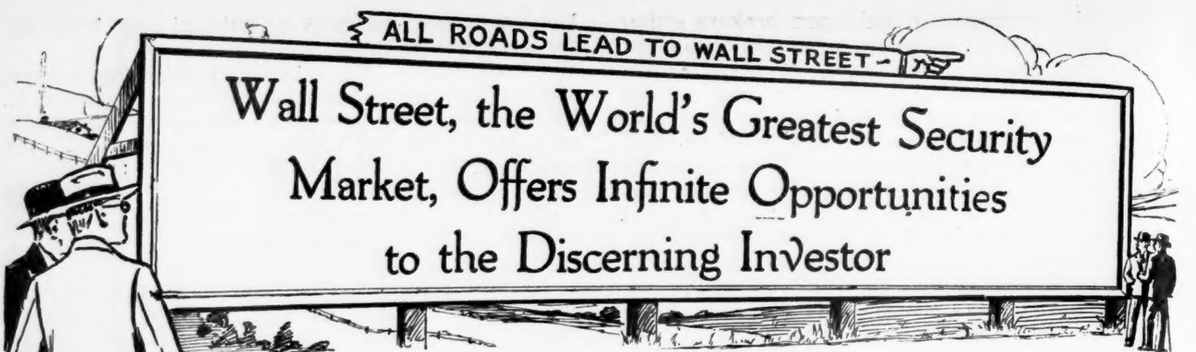
The determining factor which banks apply in lending money on high-priced stocks is not so much their intrinsic value as their susceptibility to sharp declines on small offerings. In this table, the greater the difference between the current market price and the maximum conservative banks will lend, the greater the vulnerability of the stock, in the bank's judgment.

New York Stock Exchange

Stock	Recent Market Price	Valued by Conservative Banks from Market down to
Atlantic Coast Line	220	195
Du Pont	222	195
General Electric	368	320
Laclede Gas	160	145
Nash., Chatt. & St. Louis	175	155
Nash Motors	610	500
National Lead	166	150
National Tea	225	200
N. Y., Chicago & St. Louis	175	155
Pullman	166	150
Sears-Roebuck	215	190
United Fruit	290	250
U. S. Cast Iron Pipe	195	170
Ward Baking "A"	170	150
Woolworth	200	175

New York Curb Market

Stock	Recent Market Price	Valued by Conservative Banks from Market down to
Amer. Light & Traction	245	210
Amer. Seating	300	250
Ford Motor of Canada	614	575
New Jersey Zinc	205	190
Royal Baking Powder	190	170
Singer Mfg.	375	325
Solar Refining	205	190
So. Penna Oil	175	155
Standard Oil of Ohio	350	300
Tubize Art. Silk	230	200



Wall Street, the World's Greatest Security Market, Offers Infinite Opportunities to the Discerning Investor

UNDOUBTEDLY, he was from one of those nebulous sections of these United States known as "the sticks." As he hung over the rail in the visitor's gallery of the New York Stock Exchange, there was an indefinable something in his aspect—certainly not his clothes, for the great, ready-made tailoring concerns have nationalized styles—but, perhaps, in the intense manner with which he drank up the colorful scene before him which proclaimed the hinterlander.

A Vast Economic Force

It was a fairly busy hour on the Exchange. Among the throngs of gesticulating brokers ran the page boys like mechanical toys, seemingly to be always going somewhere but apparently never getting anywhere. Thousands of bits of torn paper scattered all over the floor gave the effect of a heavy fall of yellow snow. To an old "Wall Streeter" there was nothing unusual in the scene with its rising and falling billows of sound, but its effect upon our country observer was the same as that produced upon the eastern tourist who gazes for the first time upon Niagara, or down into that terrific gap in the earth's crust known as the Grand Canyon.

Finally, as activity broke out around the steel post and a sudden, sharp clamor cut across the pulsing roar, the countryman could contain himself no longer. Turning to the pretty girl by his side and to whom he doubtless referred as "the little woman" he expressed his awestruck wonder in one word, half a gasp and half an explosion, "Gee!"

Inadequate as the exclamation may appear in print, it expressed the young man's semi-articulate thought that what he was observing was not merely a large body of men intent on buying and selling, but the operation of a vast, economic force. And that, to put the whole matter in a verbal nutshell, is exactly what Wall Street is today.

Wall Street is no longer a street beginning at a graveyard and ending in a river. Nor is it merely a collection of men or institutions. It is a great economic force, operating resistlessly and governed by immutable laws.

Woe to him who flouts those laws! Sometimes it is possible, temporarily at least, to hold the Wall Street forces in abeyance or even to divert their course. But in the end they always prevail and wreak full vengeance upon those who dare too much.

It would be interesting if it were possible for some of the old-timers, like Jacob Little, Daniel Drew, Commodore Vanderbilt or Jay Gould, to return to the present Wall Street and observe what vast and far-reaching changes have taken place. Doubtless their comments would be most entertaining. They would probably feel as little at home in the present financial district as the early settlers would feel if they came back and found skyscrapers standing where formerly were meadows and woods. Even in the last decade the growth of Wall Street has been nothing short of tremendous. Glancing over the pages of history one notes that every great conflict, in modern times at least, has been followed by an outburst of activity in all lines of human endeavor. The period following the last and greatest war has been no exception.

World's Greatest Security Market

Our present Wall Street is now the greatest market in all the world. It reaches into practically every line of human endeavor, but it deals only in symbols. Those symbols are stocks and bonds and the daily volume of their turnover runs into hundreds of millions. The fact, as recently disclosed by a Stock Exchange report, that customers, through their Wall Street bankers and brokers, are borrowing upwards of $3,500,000,000 at the present time on listed collateral, gives a hint of the size of Wall Street's business. And it must be remembered that this report included only the borrowings of Stock Exchange members and not those of unlisted houses and other non-members of the Exchange. No one knows the total of money loaned on securities throughout the country. According to good authority 5 billions is a conservative estimate.

One of the first things which would undoubtedly impress a re-embodied old-timer in respect to Wall Street would be not only the great number of listed securities but their infinite variety. It was not so many years ago, and many men of today not much over fifty can recall those times, when the stock market was almost entirely a rail market with a sprinkling of industrials. In the Trust Era of the nineties, and coincident with the growth of "big business," the industrials began to assume increasing importance, led by the U. S. Steel Corporation. Today the market is a collection of many groups of securities representing many different industries, such as rails, steel, mining, sugar, public utilities, oil, motors, department stores, chain stores, moving pictures, etc., etc.

At the present time there are upwards of 1,000 different stocks listed on the New York Stock Exchange and more than 1,300 different bond issues. In the last couple of years the number of new listings has broken all records and their diversity reminds one of the line from Lewis Caroll,

"Ships and shoes and sealing wax,
And cabbages and kings."

There are three main causes, in the writer's opinion, for the great outpouring of new securities which we have been witnessing and which is still going on. The first is the great prosperity of this country and the plethora of funds seeking investment. The United States is the one great country in the world which is able to finance on an almost unlimited scale at the present time. Hence Uncle Sam has become the world's money-changer. Many of the foreign issues, which have been floated in this country, do not measure up to the highest standards of investment and for them a day of reckoning is bound to come. It is known that at least one of the minor nations which floated a sizable loan among American investors, did some extended financial "window dressing" before the issue was sold to the bankers who offered it to the public.

So great has been the flow of investment capital that banking houses have had an opportunity to clear their shelves of accumulations of sound but "slow" issues which it had not been possible to dispose of in entirety when first put out. Many banking houses which have not deviated from their meticulous standards in selecting issues, have been

greatly embarrassed at times through a lack of securities to satisfy the investment demands of their clients. We have seen the astonishing spectacle of a $60,000,000 stock issue disposed of almost in the twinkling of an eye without even the formality of an advertising announcement in the newspapers. The line overtopping an offer in the public prints and reading:

"This entire issue has been sold and this advertisement appears only as a matter of record" is too common nowadays to attract more than passing comment. Instances of stock and bond issues being ten and even twenty times oversubscribed are by no means rare. How long this situation will last it is impossible to say. Perhaps until export has appreciably diminished the enormous stocks of gold now in this country.

All Financial Roads Lead to Wall Street

All financial roads lead to Wall Street and at the present time it seems that the entire financial world is coming to Wall Street.

The variety of the different types of industry represented among the New York Stock Exchange listings is little short of bewildering. Turning to the financial page of tonight's paper I selected the first seventy-five stocks which were traded in during the day. Then I took the fifth stock on the list, then the tenth and fifteenth and so on in multiples of five. I found fifteen different industries represented by the fifteen stocks, to wit: air reduction, electrical manufacturing, beet sugar, can manufacturing, chewing gum, leather, fire engines, mining and smelting, shipping, steel, tobacco, woolen, copper, dry goods and railroading. And those fifteen stocks represent but a small fraction of the entire list.

In times of great prosperity and industrial activity it is but natural to expect a great increase in Stock Exchange listings, but there are other important factors at work which have contributed to cause the present flood of new issues.

One is the development of big scale business. Formerly, if a business was more than ordinarily prosperous, it was possible, up to a certain point, to provide for its growth out of earnings. That was the story of the Standard Oil companies in their earlier days and has been the story of the Ford Motor Company to date. But such processes are slow and can only be carried out successfully where something like a monopoly is enjoyed and where, consequently, profits are large.

The modern corporation president anticipates growth many years ahead. He does not hesitate to borrow money through the issuance of stocks and bonds in order to put his company in a position to immediately take advantage of the opportunities which he foresees.

The Drift to Wall Street

Ten representative great, privately owned corporations whose securities have become available to the public:

Curtis Pub. Co.
Cushman's Sons
Dodge Bros.
Gimbel Bros.
Macy's
Nat'l Cash Register
Postum
Shredded Wheat
Timken
White Rock

Business as it is conducted today requires big money and the only place where big money can be obtained, generally speaking, is from the public. Some years ago several of the Standard Oil companies found that in order to maintain their position in the oil world they must have more money than was available from surplus earnings. So they came to Wall Street. I do not think those companies have ever regretted departing from a traditional Standard Oil policy for they have grown tremendously while others in the same family who stuck to old methods, have shown nothing like a corresponding degree of growth. Remarkable as has been the history of the Standard Oil group, there are many companies whose stocks are listed whose record of growth, considering the time they have been in business, is even more remarkable.

Another factor which has contributed as much as any other to the present greatness of Wall Street is the better understanding of Wall Street's work and economic significance by the investing public. This is due to intelligent, educational publicity of which this publication may modestly claim to have done its full quota.

Not so many years ago Wall Street was popularly regarded as being in the same category as saloons and racetracks. Nor can it be said that that popular belief lacked foundation. In the days of Daniel Drew stocks and bonds were for the most part regarded as merely chips in a great gambling game and stock and bondholders pawns who must accept whatever weal or woe the lords of the game decreed. The stockholder was permitted to see a statement of the affairs of his company once a year. For the most part those statements were notable for what they did not say rather than what they did. Modern corporation heads, with still many conspicuous exceptions, have arrived at the conclusion that the best interests of a company are served by

(*Please turn to page* 858)

"May Not Whole Nations, as Well as Individuals, Go Mad?"—Bishop Butler

Financial Bubbles of the Past—and Future

WILL there ever be another panic? An easy optimism characterizes most answers to this direct question. Usually the words "Federal Reserve System" are invoked as a magic talisman against the possible recurrence of a financial crisis. Yet the history of finance teaches that wherever there has been a modern industrial system, under any and all conditions, fiscal, political, financial, cultural, panics have always occurred. What reason then to expect a happier issue in the future than in the past? It reminds one forcibly of the universal belief prior to 1914 that another great war was impossible. As a witty Frenchman said, "It is only the impossible that always happens."

A study of past financial crises will clearly reveal what traits are persistent in all panics and which causes are special to each.

Phlegmatic Holland Goes Mad Over Tulips

No people are more level headed than the Dutch. Yet, in 1636 there occurred in Holland the strangest of all panics. For the speculative units were not securities (of which there were then only a few) but tulips. Holland had risen to the greatest prosperity in the history of mankind. Its cities were bursting with wealth, and like ourselves it was a lender to all of Europe. Its working people were prosperous by comparison with every other land. A passion for sudden riches engulfed the nation. Since every Dutchman had ornamental gardens, with tulip beds as the chief attraction, wealth displayed itself by purchasing rarer and rarer species.

In an evil moment, certain speculators noticed that many of these rare and expensive varieties could be propagated from a single specimen. Hence, dealings in bulbs swept Holland. If a hundred guilder bulb flowered, it might yield fifty thousand guilders. Bulbs were sold for future delivery, when, as and if raised, according to the best modern trading methods.

Amsterdam was mad with speculation in options. Single bulbs rose to four thousand guilders ($1,600), equivalent to about $25,000 in present purchasing power. The oversupply of bulbs broke the price of the flowers, and the whole nation found itself committed to heavy futures with absolute ruin in prospect. Every one had bought on margins, and most purchasers on thin margins. The government, to save the country, passed a decree compelling spot delivery to be effected by an initial payment of 10%. As usual, this finished the business. When the crash was over, a once prosperous land was ruined. It took ten years before prosperity appeared on the horizon. This simple type of inflation panic was the first great sickness that befell a rich and powerful financial community.

Bubbles Floating in the South Sea

Speculation-mad England, in the age of Queen Anne, was far ahead of Holland at the time of the tulip madness. She had a heavy national debt, resulting from the war of the Spanish Succession, principally in the form of short-term debentures. No sinking fund was available to support the national credit. To appease the debenture holders, the government formed the South Sea Company, with a monopoly of South American trade, including the profitable Slave trade. Debenture holders were paid off by conversion into stock of South Sea. Capital was about £11.5 millions.

In 1719, the directors of the company offered to take over the national debt, carrying charges of a million pounds a year, and pay seven million pounds therefor. Parliament greedily accepted. "Why not," cried the projectors, "convert a dead weight debt into a capital that makes profits for the country?" It sounded plausible, and stock was issued to pay the government for the debt. Stock (£100 par) rose to £1,000, or a total market value of 600 millions in our money. Few corporations are valued at more today. And this stupendous capitalization in a country with six million people and with not a tenth of the wealth *per capita* that we have today in America! In other words, it was valued at the equivalent of a hundred and twenty billion dollars today.

For the first time in history thousands of companies sprang up, principally for speculation in their shares. One sold stock in an "enterprise to be later disclosed." It was oversold. Even the Bank of England became infected and loaned money on its own stock, and the Hudson's Bay Company (still quoted in London) took advantage of the moment to water its stock.

Then the South Sea directors made the fatal mistake of proceeding against many small promotions that interfered with its monopoly in the South Seas. Suspicion was thus aroused as to the worth of all such shares, and the bubble burst. England received a blow compared to which every panic since has been child's play. Walpole who became prime minister, jailed the directors, paid off a third to stockholders by issuing bonds—the reverse of the bubble—and continued the company as a trading concern. It dragged out its slow life to 1807 and has been immortalized by Charles Lamb in the "South Sea House" in the "Essays of Elia."

One Company Takes Over the World

After fifty years of war under Louis XIV, France was about through. An ingenious Scot, John Law, suggested to the government the formation of a bank of issue to provide needed currency. He then formed, additionally, a trading company, that grew and grew until it had the following: A monopoly of trade and land in Canada and the Mississippi Basin, or two-thirds of what is now the United States, all of French colonies and concessions elsewhere, all exports from France, the Royal mint, all taxation and the national debt.

From an old print
The Panic-Stricken Mob in the Rue Quincampoix, Paris, 1720, When the Mississippi Bubble Burst

Then the company and bank were united. As the company grew, it paid for all these privileges by stock issuance in amounts that would stagger the United States today. Then was born the conversion security, the warrant, rights, units, and every other such device—all a product of Law's fertile brain. His scheme was better than the South Sea, and his economics was partly sound.

But inflation of the currency provided funds for inflated securities, and when redemption was demanded, the notes could not be met.

And the company had been capitalized at nearly three billion dollars! At the same time the little Rue Quincampoix, where its offices were, had become the hub of Europe.

All France had expected that England would be ruined. Instead, France was ruined. Law, to restore confidence, declared extravagant dividends. But when a $500 per share stock, paying $12 a year, sold for $12,000, or on a 1/10 of 1% yield basis, the Mississippi bubble burst. At its high its stock was valued at seventy-two billion dollars! All the then wealth of Europe could not have bought it. France *never* recovered from the blow, until the French Revolution destroyed the monarchy, and with it, its financial obligations.

America Makes Its Bow

Our first serious depression occurred in 1816, but the panic of 1837, when the then resources of the country are considered, is the worst we have ever borne. Jackson had destroyed the United States Bank. The government had abundant surpluses. These were deposited in banks throughout the country. Wildcat banks were organized by hundreds and issued notes. Upon these deposits, the banks went into a welter of loans. Never since has there been such a stretching of borrowing capacity. Then the government ordered that all public lands in the growing west be paid for in specie. The eastern banks were drained of coin, and could not redeem their notes. In consequence of "democratic" banking, the country was hurled into a panic in 1837. There were 33,000 commercial failures, in a country with 15 million population. Merchants' liabilities alone were 440 millions. In loss of values of all descriptions, the panic cost the country about five billions. Not until 1844 was "normalcy" restored.

The 1857 and 1873 panics were both due to growing pains in a new country, but with 1893 we come to our first pure financial panic. There had been little speculation or inflation prior to the panic. But silver purchases had been compulsory, and there was talk that the United States notes were to be redeemed in silver. To allay fears, Cleveland redeemed the notes in gold. He almost destroyed the gold reserve by so doing.

Then suddenly India demonetized silver. Silver bullion crashed. At a moment when gold reserves were at the vanishing point, silver too was going.

Painted by Howard Pyle

Scene from 1873 Panic—The Rush from the New York Stock Exchange

Public confidence failed. In addition, tariff changes were feared. Hence a panic of terrific proportions: 158 national banks, 172 state banks, 177 private banks, 47 savings banks failed. There were 15,000 commercial failures with liabilities of 346 millions. But above all, one-fourth of railroad securities, or 2.5 billions, were in the hands of receivers. Matters went from bad to worse until 1897.

Past Panics Do Not Indicate Future Type

Every panic has had two characteristics. One is that of inflation, which is common to all. Only the 1893 panic is a partial exception. Then each panic has reflected the special points of breakdown in the society in which the panics took place. In 1721, in England and France it revolved around government finance. In 1837 and 1893 and 1908 in America it revolved around land and currency systems.

But never yet has there been a pure stock market panic that shook the country. True, in panics, stocks would go down, but only in the way that everything else crashed. Despite all common beliefs to the contrary, however, there has never yet been a panic originating in the securities market, as a result of its own inflation, and spreading from that market to the rest of the country. Are we ripe for this type of crisis? Certainly we are not yet exempt from the others. War and exhaustion affected Germany in 1919 similarly to France in 1715. Currency

(Please turn to page 851)

"World Moves Toward Greatest Weather Calamity in 600 Years"

—Says Herbert Janvrin Browne

Whose Long Range Weather Forecasts Have Aroused World-Wide Discussion

As Interviewed by Theodore M. Knappen

The profound influence of weather and climatic conditions on business has been appreciated for many years but, unfortunately, owing to lack of sufficient data, weather forecasters have been content to make deductions applicable only to the immediate future. Mr. Browne differs markedly from others of his profession in that he attempts to forecast long-range weather conditions in various parts of the world. We present his views as an interesting contribution to an important subject.

"*THE World to an End Shall Come In Eighteen-Hundred-and-Eighty-One*"—so droned Mother Shipton more than four hundred years ago. It was not, of course, until 1881 that the prophecy could be disproved. As other of the ancient beldame's prophecies had been declared to have been fulfilled by the middle of the eighteenth century, she long enjoyed—without living or posthumous risk to her reputation as a seeress—great renown and confidence among earth's millions who inveterately cling to the occult.

Now comes Herbert Janvrin Browne, claiming no alliance with the supernatural and resting his whole case on science, saying again that for millions the world may in effect come to an end in 1927 or worse. Not that this terrestrial globe is to perish but that weather conditions on it will be so abnormal that multitudes of men may perish and that the complex fabric of the world's economic structure will reel under the blow. Mr. Browne said the same thing in effect in 1923 and 1924. The element of news and of enhanced interest in his present reiteration is that he does not hedge or seek an alibi as the dread year stands next in the calendar. Furthermore, learned astronomers of high repute have marshaled astronomical facts bearing upon the weather that tend strongly to confirm Mr. Browne's forecast and that have led at least one of them independently to forecast the weather for the next two years about as Mr. Browne does, although mainly on certain astronomical cycles to which have corresponded historically recorded periods of exceptionally abnormal weather.

Reference is made to the Abbé Gabriel, a French astronomer, who seems chiefly to be concerned about the relation between certain astronomical cycles and severe winters. On astronomical-historical grounds the Abbé forecast that the present winter would be an exceedingly severe and abnormal one in Europe. Any reader of foreign dispatches published in the newspapers knows what a terrific winter Europe has been having up to February 1. The Abbé concedes, however, that the astronomic cycle or cycles and the related weather abnormalities may not coincide so closely as to be measured by one calendar year.

Mr. Browne's long-range weather forecasts are primarily based on the weather consequences of changing ocean temperatures. His contention is that changes in ocean temperature breed our weather in its broader as well as to a considerable degree in its narrower and local phases. The ocean changes, of course, depend on the degree of heat the water receives from the sun, the solar radiation being measured in terms of the solar constant, and is closely related with the waxing and waning of sunspots. Whereas the solid earth warms quickly and cools quickly, the oceans absorb heat slowly and retain it for years. The slow shifts of stupendous volumes of water of varying degrees of temperature exert profound influences, Mr. Browne reasons, not only on the well-established ocean currents (whose effects on climate are axiomatic) but exert fundamental effects in more directly atmospheric ways.

"It was from my study of ocean temperatures," said Mr. Browne to the writer, after having touched among other things on the matters summarized above, "that I began to predict so long as three years ago that the years 1926-27 would be disastrous ones for mankind insofar as extremely abnormal weather may bring disaster.

"At this time I can say no more for general publication than that *in broad terms the outlook for abnormal and violent contrasts of weather during the 1926 season is definitely forecast. It is impossible for the grain crops of the Northern Hemisphere to escape serious injury.*"

Turning to large maps recording the present positions of the fluctuating centers of cold and warm waters in the oceans and illustrating therefrom his theory of their immediate and remote effects on weather, Mr. Browne continued.

"For twenty years there has been an accumulation of relatively warm water in the North Atlantic and the adjacent Arctic waters. The effects were cumulative and reached their climax last year, when Europe had such a warm winter in the north and such a cold winter in the south that it made people think the pole and the tropics had reversed their relation to the weather. The ice floes receded far to the north, boreal Spitzenberg had the temperature of the temperate zone, Scandinavia was uncomfortably warm—for its cold-blooded people. This year the cold atmosphere has piled up to the north of the regions of warm waters between America and Europe, to the east of Greenland, to swing violently south over the European continent; the cold waters have been pushed southward, and the whole continent has been shivering and suffering direly. Extreme cold has alternated with tempestuous rains and floods, and hurricanes have whipped the coasts and even the far interior of central Europe. The unusual masses of cold waters have not only caused periods of abnormally low temperatures, but what is perhaps of more consequence, they have upset the stability of Europe's weather.

"In accordance also with my forecasts, the concentration of warm waters in the North Pacific and the Bering Sea, at an interval of approximately a year after the similar concentration in the North Atlantic region, has upset

the weather of the western half of the North American continent, and the littoral of Central America. Alaska and British Columbia have experienced incredibly mild weather. Vegetation has been flourishing this winter, where normally, snow and ice would lock the land. An arrow of warm temperature has shot across the Canadian half of the continent as far as Ontario. In this narrow zone the inhabitants have basked in sunshine and lolled in warmth whereas in normal winters they would have had temperatures at times rivaling those of the poles in coldness.

On the other hand, the southward crowding of the cold waters has given California an unusually severe winter. Frosts have even appeared in Central Mexico. The winter over most of the United States has been unusually severe—the sort of severity I predicted.

"It is hardly necessary to remind people of the fierce gales or rather hurricanes that have torn up the Atlantic Coast and out to sea, bringing wreck and ruin to shipping, and of New England's worst winter storm in 50 years. All as foreseen, the warm waters in the southern hemisphere have pushed the cold Humbolt current away from the coasts of Peru, destroying unknown quantities of marine life and myriads of birds, and have turned an arid strip of desert into a region of disastrous floods.

"The seed corn situation was adverse in 1925; it will be far worse in 1926 because so much of the 1925 crop is not viable. This seed situation will be positively desperate in wide areas of the west. Winter wheat is not in good shape and will be a poor crop. These are some of the sign manuals of adverse weather conditions that will come to a climax in 1927.

"It is impossible for the grain crops of the Northern Hemisphere to escape serious injury this year. The outlook is for abnormal and violent contrasts of weather during the crop season of 1926. The world will come face to face with great danger in 1927, with its grain reserves exhausted. The great consuming populations of the industrial nations will be virtually reduced to the point of living from hand to mouth. The herds will be all but destroyed that the people may live. Europe's 1927 harvests will be destroyed by a repetition of the torrential and continuous rains of the terrible year of 1315, black lettered for six centuries. At the best Europe will not have more than a 40% harvest in 1927; America not better than 60%. I look to see the United States and Canada experience something like a repetition of the famous "summerless" year of 1816, when Quebec imported hay from Ireland, people lived largely on fish and meat and saw snow and frost in midsummer as far south as southern Virginia. All this I infer from a purely indicated intensification of abnormal ocean areas and displacement of storm areas on the weather map of the world. With abnormal areas of intensification in every ocean of the world we now have every solar influence co-operating to promote the intensification of the abnormal. Abnormal weather conditions infallibly mean disturbed crops, and disturbed crops are always adverse crops. Supporting my deductions from oceanography, the astronomers and the historians contribute the following:

"First—1927 is the end of the 39th 93-year Pharaonic cycle from the year of the return of the age of frost to Scandinavia in 1700 B. C., a return which wiped out the bronze-age men and all civilization there for a thousand years.

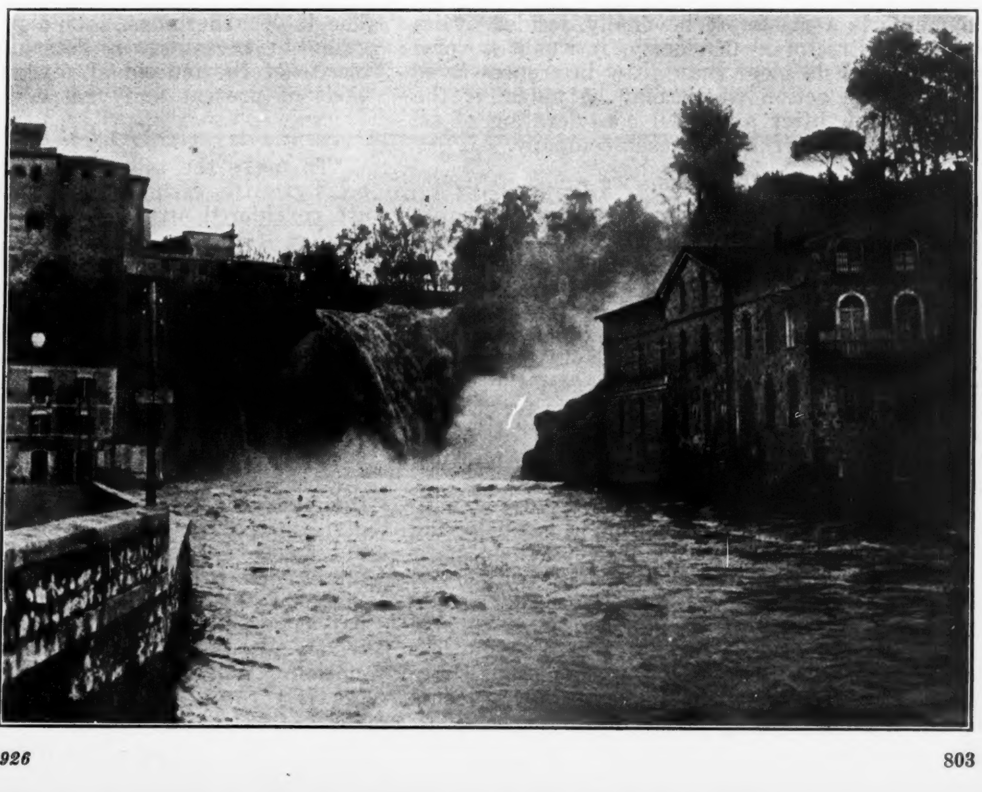
"Second—It is the 65th, in the same period, of the 55.8-year cycle made up of three periods of the lunar saros, a saros is 235 lunations, or 18.6 years (a period of the end of which the sun and moon are in the same relative position). The 55.8 year cycle also corresponds to the period of five sun-spot maxima, each sun-spot period being between 11.1 and 11.2 years.

"Third—1927 is the sixth return of Sir William H. Beveridge's historical grain famine cycle of 271 years from the historic famine of the time of the Emperor Diocletian, in 299-300 A. D.

"Fourth—Also, a cycle of 55.6 years, which may be considered a mean of the 3-saros cycle and the five sun-spot cycle carries us back to 1315, the greatest recorded world-wide destruction of harvests from torrential rains in the harvest season.

"The foregoing is not mere astronomical hocus-pocus. History and weather records (so far as the latter exist) definitely demonstrate that the sun and moon have periodic effects on the world's weather. Practically all the astronomers of Europe and the meteorologists, too, are convinced that we have arrived at a time of cumulative effects of the sun and moon, however, those effects are exerted. The only difference between them and me is that they look for three abnormal years, while I have not yet committed my judgment on that point.

"As to economic and social effects: It is evident that a weather disaster such as I forecast here would indirectly bring about a weakening of the world economic position and that business would suffer thereby."



A typical scene in European towns this winter, caused by abnormal floods and other striking weather manifestations which brought about losses aggregating hundreds of millions of dollars.

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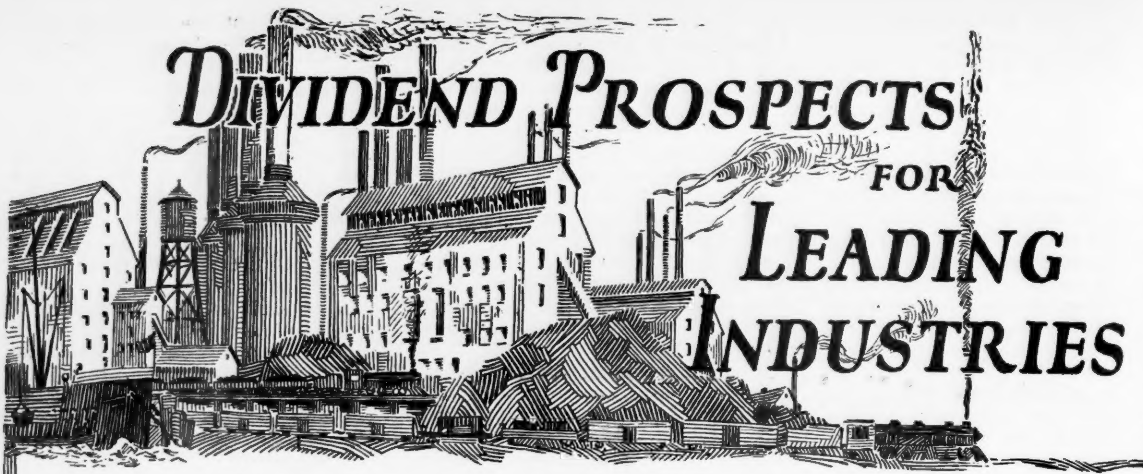
Dividend Prospects for Leading Industries



Steel — Automobile — Petroleum
Merchandising — Manufacturing — Mining
Tire — Motor Accessory

THE accompanying tables follow our previous presentation of the dividend outlook for leading railroad and public utility company stocks. In this issue we have covered other leading security groups. For those who may not have read the previous explanation of our purpose in offering these dividend forecasts, we are repeating herewith the text which accompanied the railroad and public utility tables.

"It should be understood that these tables, as in former instances, are not intended to be taken as a definite statement of forthcoming dividends. The policy of any corporation in respect to such payments is a matter to be finally decided by its board of directors. Obviously, it would be presumptious to do more than draw inferences as to the probable action which may be taken by the management, after a careful consideration of all the conditions surrounding each company.

Dividend Policies

"It is possible, nevertheless, to form reasonably sound conclusions as to the ability of a corporation to maintain, increase or begin dividends when due weight is given to finances and earnings trend. The fact that a given company may be in a position to increase its dividend, however, does not always mean that such action will be taken immediately. Matters of policy may suggest the advisability of withholding larger payments for months and sometimes for a year or more beyond the time when shareholders feel that they should be afforded greater participation in profits.

"Such conservatism should not be viewed with disfavor unless there is good ground for believing that dividends are being withheld without just cause. As a rule, a cautious dividend policy is to be favored over liberality. The shareholder should consider, that where the management is capable and sound, retention of earnings involves no loss to him in the long run. Saving a generous share of net earnings for reinvestment in improvements has built up our strongest corporations.

"The stockholder in these companies is better off than he would have been if excess profits had been disbursed with a free hand. In other words, his company has been enabled to use the shareholder's equity in net profits for the purpose of producing more income to much better advantage than he himself could probably have done. In due course, a just reward will compensate hope deferred.

"However, since it is desirable to know what companies have the ability to alter their dividend policies, we have endeavored to point out what the position of each appears to be in this respect. The tables, therefore, should prove of value as a guide to investors in determining the relative merits of the individual stocks, compared on the basis of present and prospective income return.

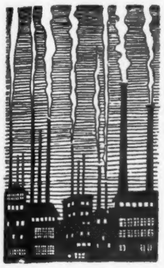
The Ratings

"To make the tables practical, each stock has been given a rating. Thus, stocks marked (A) are considered attractive at current levels; those marked (B) are regarded as unattractive, and stocks rated (C) seem high enough. These ratings refer solely to the prevailing market position of each stock from the viewpoint of desirability as investments.

"Special comment is needed on the (C) rating. This is not intended to mean that a stock so designated may not advance further, but that the buyer at these levels would be at something of a disadvantage in buying such a security for large price appreciation under existing conditions. In the railroad group, particularly, several of the dividend payers afford a nominal income return but merger prospects are such that these issues might well enjoy a further substantial advance. Some of the non-dividend payers, likewise, may participate in consolidations which would have a tendency to be reflected in speculative price appreciation. Where these possibilities seem to exist the (C) rating has been modified to agree with the outlook for the individual stock."

Steel Companies Face Competition

Financial Status Strengthened by 1925 Profits



STEEL company earnings statements for 1925 make an encouraging showing. The results attained last year are impressive when it is considered that profit margins were maintained in the face of a none too satisfactory price situation. Prices early in the year were unsettled by an abortive attempt to raise quotations in the hope of stimulating further demand. This movement had an opposite effect from the one intended. Buying fell off and no really large volume of business was done at the higher figures. Realizing their error, the mills subsequently revised price schedules downward.

High Production

The experience thus gained proved valuable later for the steel companies have since sought to maintain stability in the price structure. While the result of this policy may have been to cause some temporary reduction of profits, the broader effect has been to maintain the industry on a more stable basis. In other words, extreme fluctuations in demand have been less in evidence than heretofore, a condition that augurs well for the current year.

Consumers, likewise, have shown a commendable disposition to avoid extreme buying movements such as that which followed the 1924 presidential election. Production and demand were both over-extended during the fore part of 1925 but, during later months, demand settled down to a rather monotonous routine, large in the aggregate, nevertheless.

In consequence of the general conservatism which ruled during the summer, fall and winter, steel mill operators were enabled to count upon more stable operating conditions. Accordingly, production was maintained at a considerably higher average during the mid-summer than is usually the case and overhead expenses were less burdensome accordingly. In other words, while forward buying was not pronounced, the aggregate volume of consumption was great enough to call forth a record output of steel ingots for the year. Not even the output of the most active war years exceeded the output of such ingots for 1925.

Thus, the relatively steady flow of orders and high average rate of operations prevailing in 1925 permitted the steel companies to realize generally satisfactory profits despite the none too wide margin between selling prices and production costs. Entering the new year, operations continued to hold around 85 to 90% of capacity, except for a moderate lull in January, conforming with the usual seasonal influence.

Prices were again advanced in December and have eased off gently since. It is questionable whether extended advances will be viewed with favor on the one hand by consumers who are not inclined to follow the market upward, or large declines be permitted on the other by the producers who would prefer to maintain last year's stability.

During the first half-year, however, earnings should continue to hold up to the average of 1925 with some prospect for recession later on. There is a possibility that building operations will count less heavily in the market for steel. Automobile demand over the first quarter promises to run to large volume but with some prospects for moderation in the second and third quarters. Offsetting the possibilities for recessions in these important consuming industries, however, is the likelihood of a better demand from the oil industry and the railroads. The latter ordered sparingly of rolling stock and motive power in 1925 and hence will doubtless be forced to spend more on this account in 1926.

Altogether, there is a noticeable air of conservatism about the steel industry, which though it offers little encouragement for expectations of a further increase in activity, should, nevertheless, prove beneficial in the long run. In other words, buyers are not ordering as freely as heretofore, which suggests that operations will presently ease off from the current peak. Prices are also likely to soften somewhat inasmuch as the December rise was not accepted by consumers with good grace.

These conditions suggest moderation of activities in the steel industry, but without the sudden slump and general derangement of production schedules that have frequently prevailed in the past.

Dividend Changes

Dividend increases among steel company shares were not especially marked last year, nor do the prospects for greater liberality bulk large at present. At the same time, the financial condition of these companies was measurably strengthened by the 1925 showing so that current payments appear to be well secured.

Earnings for the first quarter should, on the average, be fairly well maintained, but dividend increases are likely to be confined to a relatively limited number of companies. On the other hand, present-day dividend payers seem well able to maintain the policies now in effect.

Position of Leading Steel Stocks

	Earned Per Share			Price Range 1925		Price Range 1926		Recent	Div'd	Yield	
	1923	1924	*1925	High	Low	High	Low	Price	Rate	(%)	REMARKS
Bethlehem Steel	$6.47	$2.57	$5.0	53	37	50	46	44	..	..	Early div. not expected but prospect improving. (A)
Colorado Fuel & Iron	1.67	1.05	3.0	48	32	38	35	37	..	..	Div. outlook dubious. (B)
Crucible	a5.20	a4.55	†a5.05	84	65	81	78	77	5	6.5	Paying about all earnings seem to justify. (C)
Gulf States	12.80	7.48	†7.17	95	67	93	86	86	5	5.8	Doubtful that present rate will be altered. (A)
Inland Steel	4.08	4.04	†3.52	50	39	43	40	40	2½	6.2	Present div. well protected. No early change indicated. (A)
Ludlum	5.50	1.87	3.0	60	32	58	49	56	2	3.6	No change in div. seems in prospect. (C)
Otis Steel	1.00	def	2.5	15	8	14	12	14	..	..	Merger possibilities but divs. are remote. (B)
Penn Seaboard	def	def	def	3	1	2	2	2	..	..	Has yet to develop real earning power. Divs. not in sight. (B)
Replogle Steel	def	1.18	1.4	23	13	16	14	14	..	..	Showing improvement but div. still well in future. (B)
Republic I. & S.	15.00	0.55	†6.88	64	42	63	56	56	..	..	May pay div. in not distant future. (Cs)
Superior Steel	6.22	def	†1.22	41	20	26	25	25	..	..	Div. prospects not encouraging. (B)
Sloss-Sheffield	20.22	10.47	13.5	143	80	136	120	123	6	4.8	Higher div. rate could be sustained. (Cs)
U. S. Steel	16.42	11.75	12.81	139	112	138	131	129	7	5.4	Present div. policy probably will be maintained for some time. (A)
United Alloy	3.20	0.54	2.7	37	24	29	26	28	..	..	Earnings hardly justify div. expectations. (C)
Vanadium	1.83	1.80	3.0	35	26	32	30	32	2	6.3	No change in div. likely in near future. (C)
Youngstown S. & T.	14.93	6.68	13.5	92	63	90	83	80	4	5.0	Higher div. seems merely question of time. (A)

* Estimated. † Actual. a Years ended Aug. 31. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for the present.

Mining Companies in Good Position

—Copper Producers Should Do Well—

IN the interests of operating economies, mining companies have been keeping their production up to the highest level consistent with the actual and potential demand from month to month. During the past few years, the problem of the mining industry has been to find buyers for capacity output. The increasing use of metals, especially copper, zinc and lead has made this policy practicable but not entirely profitable. At the present time, even with larger production, the chief consideration of the mining companies is no longer to find buyers at any prices but to market their large output on a more profitable basis.

Domestic consumption of metals is entirely satisfactory and will probably increase this year. Foreign buying has been somewhat disappointing, especially during the latter part of the year just closed, but promises to be better. The dullness in current orders from abroad is traceable to inability of foreign consumers to make their commitments, rather than to any lack of actual need for metals on the other side of the water. As conditions abroad continue to improve with the entry of American capital, this situation should be automatically corrected. The postponement of heavy buying for foreign account represents an accumulating potential demand that gives the present market strength and a good outlook for higher prices in the not distant future.

The copper group, which is by far the largest section of the mining issues, occupies a strong position. The copper companies are all making some money at present prices for the red metal and the low cost producers are making a very satisfactory showing. The price situation that existed during the past few years has compelled most of the copper companies to introduce operating economies and bring down production costs. A large number of the companies will bring down their costs still further this year. There is little doubt that the current rate of output can be maintained throughout the year; any changes that may be witnessed will be toward larger output. Part of the reduction in output costs is due to a growing output; this tendency should continue during the current year.

The leading copper companies have good prospects for reaping the rewards of previous improvements and should be in a position to adopt more liberal dividend policies this year.

The income figures, shown in the accompanying table, are authentic in the sense that they are obtained from the official reports of the companies concerned. It cannot be said, however, that they represent the true earning power of the various companies' stocks. Tax considerations have made it advisable to write off abnormally heavy deductions for depreciation and for depletion of ore reserves. This practice of unduly conservative auditing brings the tax liability of the mining company down to a minimum but also may mislead the stockholders unless he makes a mental reservation with the

Position of Leading Mining Stocks

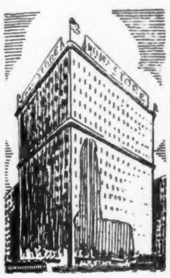
	*Earned Per Share			Price Range 1925		Price Range 1926		Recent	Div'd	Yield	
	1923	1924	*1925	High	Low	High	Low	Price	Rate	(%)	REMARKS
Ahumada Lead	0.45	0.57	b1.01	13	7	9	7½	8¼	a30c	3.8	Improving earning power; extras likely to be continued. (A)
Amer. Smelting	8.84	12.60	*15.00	144	91	144	130	138	$7	5.0	Earnings on upward trend; management follows conservative div. policy. (Cs)
Anaconda Copper	2.92	2.24	*6.50	53	35	50¼	46	50	3	6.0	Just closed most prosperous year since the war; could pay higher dividends. (A)
Butte & Superior	def	0.72	b1.25	24	7	16¼	13½	14½	2	13.7	Increasing production; may earn dividends this year. (A)
Cal. & Arizona	0.78	0.67	2.65	61	45	64	58	61	a6	9.8	Developed new ores last year. Can show profit on 13-cent copper. (A)
Cerro De Pasco	2.73	2.92	3.10	64	43	66	57½	65	4	6.1	In good position to benefit from higher metal prices—no change in dividend looked for. (A)
Chile Copper	3.35	2.59	2.75	37	31	36	33	35	2½	7.1	Dividend ample for present earning power but outlook is good. (A)
Dome Mines	1.63	1.80	1.75	18	13	18½	16	18	2	11.1	Dividend continuity not certain unless new ores are obtained. (C)
Granby	def	def	def	22	13	23½	18½	22	..	..	Production costs reduced. May pay div. to encourage conversion of bonds. (A)
Greene-Cananea	def	0.11	NF	19	12	13½	11	12¼	..	..	High cost producer. Dividends remote. (B)
Homestake	3.71	2.72	NF	50	43	51½	47½	51	6	11.8	Dividend is being paid out of reserves and is not dependable. (B)
Howe Sound	0.90	1.04	b2.28	31	16½	31½	27	30¾	2	6.4	Dividend fairly well protected; favorable outlook. (A)
Inspiration	1.76	1.44	NF	32	23	25¾	23¼	25¼	2	8.0	Lowering production costs; present div. is earned on slim margin. (B)
Int'l Nickel	‡nil	‡0.40	‡1.43	48	24	46	41	43	2	4.6	Earned $1.46 in six months to Sept. 30, 1925; good outlook—may increase div. (A)
Kennecott	0.96	2.02	5.00	59	47	58	54	57	4	7.0	New rate earned by comfortable margin; attractive from income standpoint. (A)
Magma	def	2.20	b3.64	46	34	44½	40¾	44	3	6.8	Low cost producer; showing substantial improvement—div. fairly well protected. (A)
Miami	0.24	def	NF	24	8	13	11½	13	1	7.7	Working low-grade ores at a profit; no increase likely. (Cs)
Nevada	1.05	0.84	b0.91	16	12	14	12½	13¼	1	7.7	Dividend earned after deflation; good outlook. (A)
Ray	0.66	0.32	b0.85	17	12	12½	11½	12	..	..	Merger with Nevada Copper may mark resumption of dividends. (A)
St. Joseph Lead	2.65	4.85	*5.00	52	36	46	43½	45	a3	6.6	With present outlook extras will probably be continued. (A)
U. S. Smelting	1.35	0.28	*6.00	51	30	50	45	47½	3	6.3	Had good year and continued favorable future outlook; could conservatively increase dividend. (A)
Utah Copper	6.45	5.04	b5.45	111	82	100	96	100	5	5.0	Shares practically all held by Kennecott. Some possibility of increase. (C)

‡Year ended March 31. a With extras. *Estimated. b First nine months before depletion. A—Attractive. B—Unattractive. C—High enough. Cs—High enough at present.

allowance for heavy write-offs when calculating the investment value of his mining shares. A number of the companies, shown to be barely earning their dividend requirements, are actually covering this charge by a comfortable margin. The managements, who are in a position to appreciate the actual earning power of their companies, are warranted, therefore, in maintaining a dividend that may be shown to be unearned on the corporate statement, or to increase a dividend that appears to be earned with little or no margin.

Merchandising Companies' Strong Position

Prospective Expansion Largely Discounted



THE merchandising companies forged ahead to another record last year, attaining the highest total of gross earnings ever reached. Prosperity was more evenly distributed between the chain store and mail order companies than during the preceding year, inasmuch as the mail order group was no longer laboring under the necessity of rebuilding deranged finances, aftermath of depression.

The vogue for five-and-ten-cent stores seems to be in no danger of abating for some time to come. The steady increase in sales during the past year, which is continuing into the current twelve months, was due partly to larger volume of business in existing locations and partly to expansion in the number of units operated.

As in former years, the five-and-ten-cent stores have continued to finance expansion out of earnings without creating bonded debts or calling upon shareholders to subscribe for additional stock, in the great majority of cases. Such a procedure works to the benefit of the stockholder over a period of years, of course, and particularly with the chain stores, the new earning power created by additional units is quickly felt.

It is this ability to show steady appreciation in earning power and stability in the face of disturbed industrial conditions that has made the chain store shares popular investment mediums with the rank and file of security buyers. Changes in the purchasing power of the public do not leave the sales of these concerns immune, of course, but they have yet to experience a depression which would seriously threaten dividend payments.

Conditions in 1925 and in the current year were and are eminently favorable to the profit making possibilities of chain store enterprises, since the public is well able to spend freely. From the viewpoint of fundamental economic conditions, the future promises well for them. The security market position of the chain store shares, however, is another matter.

These issues have advanced to prices which can no longer be said to fairly represent a capitalization of current or prospective earning power, unless one looks to the possibilities several years hence. Representative chain store stocks pay less on the average than savings banks, insofar as income return is concerned. Even the likelihood that dividends will be disbursed with more liberal hand does not make the majority of such stocks attractive at this time, nor does the fact that stock split-ups have been numerous alter the situation.

The department store group has not discounted prospective earnings so freely but, here too, the prospects for dividend increases do not loom as large as market prices would seem to indicate in numerous cases. These companies gave a good account of themselves last year but earnings were still affected to some extent by the extraordinary expenses attending expansion programs.

Assuming the managements of these department store systems are as successful in conducting the enlarged and more widely distributed properties as they have been in operating the original units, shareholders should eventually be rewarded for present day patience. For the near future, however, the dividend prospects are potential rather than real.

The mail order companies have participated most in the rise of farm purchasing power, as is to be expected since agricultural communities form their greatest class of buyers. The farmer, this year as well as last, finds himself in a much better financial position than for several years. While complaints are still heard concerning the disparity between the prices of farm products and other commodities, yet the farmer is better able to buy luxuries, no less than necessaries. Most of the debris of post-war debts has been liquidated, thus permitting him to apply current income to current needs rather than past purchases.

The mail order companies are thus back to a normal footing with earnings steadily mounting. Here again, however, it is difficult to discover securities that have not discounted their possibilities for some time to come. This applies to the prospect for larger dividend payments as well as earnings.

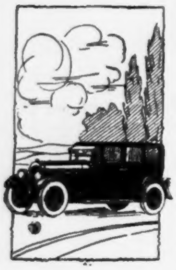
Position of Leading Merchandising Stocks

	Earned Per Share			Price Range 1925		Price Range 1926		Recent	Dividend	Yield	
	1923	1924	*1925	High	Low	High	Low	Price	Rate	(%)	REMARKS
Assoc. Dry Goods	‡$4.46	‡$4.95	$5.0	61	47	55	51	51	$2½	4.9	Could pay somewhat higher rate. (C)
Gimbel Bros.	a10.37	a7.03	NF	83	47	79	70	71	..	..	Working capital needs large due to expansion. Early div. unlikely. (Cs)
Kresge (S. S.)	‡3.81	‡4.07	‡†3.17	‡88	‡35	‡82	‡77	‡78	1.20	1.5	Ten new shares being exchanged for 1 old. New rate not established. (C)
Kress (S. H.)	26.10	23.45	NF	440	390	545	545	d615	4	0.6	Probability of stock split-up. (C)
Macy (R. H.)	b7.58	b6.70	NF	112	70	106	95	106	..	..	Divs. not yet in prospect. (A)
May Dept. Stores	11.62	10.16	11.0	139	101	137	127	129	5	3.9	More likely to retire pfd. stock than increase div. (Cs)
McCrory Cl. B	c4.31	c4.32	5.0	139	79	121	111	111	1.6	1.4	Could pay more liberal div. (C)
Montgomery-Ward	4.39	6.18	†8.05	84	41	82	71	76	..	..	Possibility of div. this year favorable. (A)
Nat'l Cloak & Suit	12.16	9.44	†3.45	85	50	54	49	49	4	8.2	Not earning present div. but should do better. (Cs)
Nat'l Dept. Stores	3.35	4.22	NF	45	39	42	40	40	..	..	Growing co. but divs. not likely for some time. (A)
Sears, Roebuck	10.95	13.86	20.87	236	148	241	214	219	6	2.7	Old stock split 4 for 1. To pay $2.5 a share on new. (Cs)
United Drug	7.00	10.93	11.5	162	111	167	151	165	7	4.2	Present rate well secured. No early change anticipated. (Cs)
Woolworth	7.96	7.95	9.0	220	112	222	197	206	4	1.9	Rate recently increased to $4. Should ultimately pay more. (C)

*Estimated. †Actual. ‡On basis of present capitalization. NF—Not available. a Years ended Jan. 31, 1924 and 1925. b Years ended Feb. 28, 1924, and Jan. 31, 1925. c Years ended March 31, 1924 and 1925. d Bid price. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for present.

Activity in Automotive Industries Sustained

Nearby Outlook Good—Keener Competition Looms



PROSPECTS for the automobile industry in the current year are not altogether clear. The passenger car and truck companies were undeniably prosperous in 1925. All former production marks were shattered and sales reached a huge total. More than 3.88 million cars and trucks were turned out in 1925 and at the close of the year, nearly 20 million motor vehicles were registered in the United States.

The January automobile shows revealed an unprecedented public interest in the automobile and encouraged manufacturers to adopt ambitious production schedules calling for a higher aggregate output in the first quarter of 1926 than that of the year before. There does not appear to be any immediate reason to anticipate a slump in the industry, therefore, but developments after the first half of 1926 will hinge upon the trend of general business. For this reason, it is difficult to predict definitely what the later months of the year portend for the motor car manufacturers.

The industry has gradually been drifting into the hands of the stronger companies so that relatively few weak companies are now left in the field. This condition is conducive to greater stabilization over short periods, but competition between the existing producers is growing keener and seems bound to become more so. The early year price changes seem to bear out this statement.

Some companies have increased prices but the balance is slightly on the side of reductions, especially in the medium and low-priced classes. Competition will undoubtedly be more pronounced in this section of the industry than in others. This is not surprising, however, since the lower cost models reach by far the greater number of buyers and there is greater danger of over-production accordingly.

But in spite of the possibility that this year's final output of automobiles may not come up to that of 1925, the outlook is by no means unencouraging. Manufacturers have adhered to conservatism, on the whole, in gauging their production schedules during the past year or more. There has been little or no indication of over-stocking. In other words, the inventory situation appears sound so that even a marked recession in sales would be unlikely to cause great trouble. Meanwhile, the prolongation of industrial activity, im-

Position of Leading Motor and Accessory Stocks

	Earned Per Share 1923	Earned Per Share 1924	Earned Per Share *1925	Price Range 1925 High	Price Range 1925 Low	Price Range 1926 High	Price Range 1926 Low	Recent Price	Div'd Rate	Yield (%)	REMARKS
Chandler Motor	$7.34	$4.82	$5.5	52	28	49	45	46	$3	6.5	Holders receive preference stock of Cleveland-Chandler Motors and $4 div. under terms of merger. (Cs)
Chic. Yellow Cab	5.20	5.57	6.0	55	45	49	48	49	4	8.2	Some possibility of extra payment. (Cs)
Chrysler Corp.	..	..	6.0	†63	†27	54	47	48	..	..	Financial position and earning power justify inauguration of divs. (A)
Dodge Bros. "A"	NF	3.35	8.5	48	22	47	42	44	..	..	In position to begin div. payments. (Cs)
General Motors	†10.68	7.37	18.0	149	65	131	116	127	7	5.6	Div. rate recently raised to $7. (A)
Hudson Motors	‡6.67	‡6.11	‡16.19	139	34	123	107	114	3	2.6	Well able to sustain materially higher div. rate. (A)
Hupp Motor	3.97	1.77	3.5	31	14	28	25	26	1	3.8	Earnings justify expectation of moderate increase in rate. (Cs)
Jordan Motor	4.64	4.03	5.5	65	35	63	47	63	3	4.8	Unlikely to make any early change in divs. (C)
Mack Trucks	18.59	16.19	22.0	242	117	159	135	138	6	4.3	Conservative management but earnings seem bound to be reflected in higher div. eventually. (A)
Moon Motor	4.65	3.11	††8.0	42	23	37	32	35	3	8.6	Could pay more, probably in form of extra. (C)
Nash Motor	28.00	28.43	55.70	488	194	640	460	604	20	3.1	Declared 900% stock div. in Jan. Will probably pay $2 rate on new stock. (Cs)
Packard Motor	¶2.97	¶1.54	¶4.84	48	15	43	38	40	b2	5.0	Extra cash or stock divs. will probably continue. (Cs)
Paige-Detroit	4.05	2.14	6.00	25	13	28	22	24	1.8	7.5	Possibility that extras will be paid. (Cs)
Pierce-Arrow 8% Pfd.	2.78	6.25	12.0	100	43	108	94	103	..	..	Could readily resume pfd. divs. (A)
Studebaker Corp.	9.44	7.03	10.0	68	41	59	55	59	5	8.5	Could easily pay more, probably in form of extras. (A)
Willys Overland	4.94	nil	6.3	34	9	34	28	32	..	..	In line for resumption of divs. (C)
White Motor	13.93	8.17	9.0	104	57	87	79	85	4	4.7	Prospect for increase in rate later in year. (A)
Amer. Bosch	1.55	0.78	2.5	54	26	34	28	29	..	..	Div. do not appear in early prospect. Possibility of merger. (B)
Continental Motors	§1.08	§1.44	§1.60	15	8	13	11	12	0.80	6.6	Possibility of small increase or extra. (A)
Eaton Axle & Spring	1.61	0.85	3.1	30	11	30	27	29	2	6.9	No early change in div. in prospect. (Cs)
Elec. Storage Battery	7.97	7.94	8.2	80	61	78	73	77	b5	6.5	Declared $1 extra in Dec. Additional extras probable in 1926. (A)
Fisher Body Corp.	†8.10	†8.90	†6.35	125	60	105	94	98	5	5.1	In position to distribute more liberal share of earnings. (Cs)
Hayes Wheel	6.61	3.16	9.0	49	30	46	42	44	c4	9.1	In position to pay more than current $1 extra. (A)
Kelsey Wheel	15.84	9.50	14.5	124	87	126	108	120	6	5.0	Earning power shown in past 3 years foreshadows higher div. (Cs)
Martin Parry	6.53	3.81	2.5	37	19	21	19	21	2	9.5	Div. position uncertain due to competitive conditions. (B)
Motor Wheel	2.16	3.19	5.0	35	18	33	30	32	d2	6.2	Extra divs. will probably continue. (A)
Reynolds Spring	1.46	def	nil	18	8	10	9	9	..	..	Past record affords little hope for early divs. (B)
Spicer Mfg.	2.66	2.32	5.8	37	16	31	25	29	..	..	Improved earnings last year indicate possibility of div. (A)
Stewart-Warner	14.11	5.84	11.5	96	55	93	83	84	6	7.1	Recently raised div. to $6, which rate appears reasonably secure. (A)
Stromberg Carb.	11.62	7.02	9.0	89	61	77	73	75	6	8.0	Probably will make no early change in div. (A)
Timken Roller Bear.	6.75	4.84	6.50	59	38	56	53	54	c4	7.4	No alteration in div. policy anticipated. (A)

*Estimated. ††Actual. †On basis of present capitalization. ‡Years ended Nov. 30. ¶Year ended Aug. 31. a Also paid $6 extra in 1925. b Exclusive of extras. c Including extras. d Paid $0.30 extra in last quarter of 1925. NF—Figures not available. §Years ended Oct. 31. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for the present.

proved farm buying power and a fairly favorable export market indicate that favorable conditions will obtain, at least over the fore part of the year.

On the other hand, it is generally conceded that prevailing price levels for passenger cars are a little too closely adjusted to manufacturing costs. That is to say, the producers have held quotations down or reduced them, despite a gradual rise in raw material costs during the past year or so and are therefore depending upon large scale output to make good the deficiency which has been created by narrow per unit profit margins.

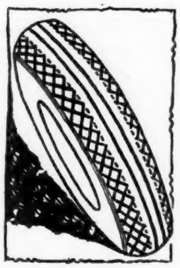
While such a condition of affairs is not necessarily disturbing to the larger concerns, the small scale manufacturers are bound to suffer more or less. Should production schedules be curtailed later on, due to a shift in demand, clearly these small companies must be the first to feel the adverse effects in relation to earnings. Then again, the record earnings of 1925 added substantial sums to the working capital and profit and loss accounts of the large units, leaving them well situated to face a let-down or increased competition. Dividends of these companies appear in no danger of reduction and some will probably pay shareholders more liberally this year.

The truck and bus manufacturers are somewhat more favorably situated for, despite the heavy demand for their output in the past two years, there is little or no indication that a temporary saturation point has been reached. The use of such vehicles is still growing. Hence, the prospects for bus companies are, on the whole, more promising than for the passenger car producers.

Insofar as the body, parts and miscellaneous automobile equipment makers are concerned, there is little to be said except that their fortunes will follow rather closely those of the car manufacturers. As in the case of the latter, the accessory companies did very well in 1925 and were able to treat shareholders generously. Dividend changes in this group probably will tend more toward increases than otherwise during the first half of 1926, though the outlook thereafter must depend upon the development of the general industrial situation, as in the case of automobile companies.

The Tire Industry Prospers

Large Gain in Earnings—Outlook Good



IN 1919, the tire companies reached a high water mark. Earnings were large and stockholders reaped generous rewards accordingly. Thereafter followed a most trying period, marked first by inventory deflation, then price cutting and, in later years, by recurring seasons of over-production and destructive competition.

In 1924, tire company fortunes turned. Gradually the growth in the use of automobiles began to take up the slack in potential productive capacity of the tire manufacturers. Previously, there had always been an enormous temptation to bring down overhead costs by turning out all the tires the markets could hold on every buying movement. There could be but one reaction from each such situation while tire plants were over-equipped. Dealers and producers were periodically overstocked and price cutting followed.

During the past two years, however, demand has caught up with production, at least sufficiently to absorb the major part of the industry's output. Moreover, the extremely low level of selling prices prior to the last half of 1924 drove manufacturers to effect all possible operating economies and to eliminate many former evil trade practices which constantly produced losses.

The effect of these steps toward stabilization and reduction of costs began to be more fully felt last year than the year before. In respect to price policies, also, the tire industry has been more favorably situated recently than in former times since there is lessened incentive to indulge in price wars under conditions of balanced demand and production. Finally, the labor situation in the past year or more has been favorable. Wage bills have risen a little more than half as rapidly as sales, indicating that operations at the factories are decidedly more efficient than heretofore.

The coincidence of lower per unit manufacturing costs and greatly increased output, of course, produced a situation conducive to rising profit margins, since overhead charges were likewise cut by the record volume of plant activity. Production mounted to the highest level in the tire industry's history jumping to 55.75 million casings compared with 51.63 millions in 1924 and 27.29 millions in 1921.

There remains but one major difficulty in the way of the tire makers, that being, of course, the problem of crude rubber prices. To what extent the rise in raw materials was offset by advanced tire prices last year, it is difficult to determine. Evidently, however, the larger companies were not seriously disturbed by rubber's spectacular and often erratic price changes. Probably little buying, other than for the account of speculators, was done at the peak of the market. Indeed, earnings reports bear convincing testimony to such a conclusion.

Recently, prices were cut approximately 10%, following a marked recession in the crude rubber market. This reduction marks the first downward revision after five consecutive increases in 1925, all of which were based upon the consistently rising cost of the raw material. At the present time, the price tendency is not clearly defined. Whatever the trend, however, it seems a fair inference that tire price changes will not be made at the expense of profit margins of the larger companies. The latter demonstrated rather convincingly last year that the markets could be kept under close control and they are not likely to give up this advantage now.

Several producers have found it desirable to raise new working capital through the medium of short term bond issues in order to finance the purchase of high cost crude rubber. It is improbable, however, that this financing will result as did that of 1919-1920 when a universal collapse in commodity

Position of Leading Tire Stocks

	Earned Per Share 1923	Earned Per Share 1924	Earned Per Share *1925	Price Range 1925 High	Price Range 1925 Low	Price Range 1926 High	Price Range 1926 Low	Recent Price	Div'd Rate	Yield (%)	REMARKS
Ajax Rubber	def	$1.56	$1.0	16	9	16	10	15	..	..	Div. not in early prospect. (C)
aFisk Rubber	§$11.43	§11.80	§†30.28	116	76	26	23	22	$7	6.2	Div. arrears recently eliminated. (A)
	¶1.07	¶0.84	¶†4.59	29	11	115	111	113	..	..	Working into line for dividend. (A)
Goodrich (B. F.) Co.	8.66	10.27	19.0	75	37	71	61	65	4	5.9	In position to pay more liberal rate. (A)
Goodyear T. & R. 7% cum. pfd.	7.90	16.07	....	114	86	109	103	107	7	6.5	Should take action to clear up 29¾% arrears before long. (A)
Kelly Springfield	def	def	2.5	21	12	21	17	20	..	..	Recovery in earnings too recent to justify div., which remains remote. (B)
Lee Tire & Rubber	def	def	†1.33	19	12	14	13	14	..	..	Div. appears improbable. (B)
U. S. Rubber	2.30	3.90	9.5	97	34	88	79	79	..	..	Good prospect for resumption of divs. this year. (Cs)

§ Earned on 1st preferred. ¶ Earned on common. * Estimated. † Actual. a Years ended Oct. 31. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for the present.

prices left the tire companies high and dry with burdensome bank loans and bonded debt and severely reduced inventory accounts. The situation today is scarcely parallel.

Financial Position of Larger Companies Improved

The larger companies, especially those engaged in the manufacture of footwear and mechanical goods, are in excellent financial condition and could readily increase or resume dividend payments. Profits from the footwear branch of the business should be materially larger in the current quarter than they were a year ago, in view of unsettled weather conditions.

Some of the smaller companies are apt to feel the pinch of higher rubber prices, since they are not so well supplied with working capital as the large producers. Hence, the prospect for dividends in this quarter do not appear especially encouraging.

Oil Industry Gaining Strength

Higher Prices in Prospect

THE oil companies on the average made a fairly good showing in 1925 and have definite prospects of being one of the favored groups during the current year. The industry has worked itself into a stronger position with the normal increase in consumption of the numerous petroleum products and an almost unbroken downward trend in the production of crude. Both crude oil and its principal refined products have advanced in price in reflection of the outlook for a smaller supply and in all probability will advance further before the year is out unless some new source of abundant supply is unexpectedly brought in.

The only unfavorable factor in sight now is the large stocks of refined products, principally gasoline, which have been accumulating for some time. Part of this accumulation, of course, is seasonable, but it must not be overlooked that the refining capacity of the industry grew at a faster rate during the past few years than the normal increase in consumption. The refineries have made every effort to keep running at full capacity as long as the crude oil was over-abundant and cheap. The new cracking process of refining gaso-

Position of Leading Oil Stocks

	Earned Per Share			Price Range							
				1925		1926		Recent	Div'd	Yield	
	1923	1924	1925	High	Low	High	Low	Price	Rate	(%)	REMARKS
Associated Oil	$3.39	$2.86	*$5.75	47	32	58	44	56½	$2	3.5	Control about to pass away from Pac. Oil; div. policy depends on new management. (Cs)
Atlantic Refining	def	6.60	**7.05	117	96	110	105	106	..	..	Resumption of dividend looked for this year; could easily pay $7 a year. (A)
Barnsdall "A"	0.26	1.52	*3.50	33	19	33	29	30	2	6.6	Strengthened its position through Waite Phillips acquisition but change in present div. rate not imminent. (A)
Cal. Petroleum	†20.54	2.46	*3.40	34	24	35½	30	35	2	5.7	No change in present dividend probable; surplus used in expansion of activities. (A)
Gen. Petroleum	‡5.60	‡7.20	‡5.40	59	42	59	54	55	3	5.5	Good outlook for larger dividend is unaffected by merger possibility. (A)
Houston	3.97	3.93	a3.62	85	59	72	64	69	..	..	Completion of gas service project brings stock nearer to dividend period. (Cs)
Maracaibo	0.24	0.03	NF	35	21	29	24	24	..	..	Dividend payments unlikely until development work is completed. (A)
Marland	2.71	1.68	*10.00	60	33	60	55	59	4	6.8	Present earning power and strong financial position justifies dividend increase. (A)
Mexican Seaboard	def	2.83	def	22	9	12	9½	10	..	..	Intrusion of salt water and other operating difficulties render div. prospect uncertain. (B)
Mid-Continent Pet.	def	0.56	*5.25	38	26	37	33	35	..	..	Dividend resumption probable this year; earnings are improving. (A)
Pacific Oil	2.25	3.10	*4.50	78	52	81½	84	81	3	3.7	Merged with S. O. of Calif.—see comment on that company. (Cs)
Pan American "B"	7.96	5.67	**6.18	84	60	78	67	67	6	9.0	Operations in Mexico and South America speculative but to date profitable; could increase dividend. (A)
Phillips Pet.	3.92	3.82	*5.00	47	36	47	43	46	3	6.5	Recent stock financing increases the likelihood of "extras." (A)
Pure Oil	¶1.71	¶3.82	¶3.10	34	25	31	28½	30	b1½	5.0	Earnings are expanding; extra distributions are likely to continue. (A)
Royal Dutch (N. Y.)	3.60	2.88	NF	57	48	57	52	53	1.73½	3.3	An interim dividend of $1.34 a share has been paid—final div. will probably bring year's total up from 1925. (A)
Shell Union	1.57	1.66	a1.89	28	22	28	25½	27¾	1.40	5.0	Company in very strong position but conservative in dividend payments. (A)
Sinclair Con.	def	def	NF	25	17	24	20½	23⅛	..	..	Co. improved its position last year—dividends may be resumed. (A)
Simms	0.51	2.81	a3.38	28	18	28½	23¾	25¾	1	3.8	Div. earned by wide margin—extras may be declared. (C)
Skelly	1.37	0.05	a3.75	32	22	33	29½	32	2	6.2	Earnings susceptible to wide fluctuations; dividend rate reflects temporary prosperity. (C)
Superior	def	def	def	6	2	4¼	3	3½	..	..	In litigation with Atlantic Refining; outlook not encouraging. (B)
Stand. of Cal.	2.62	2.82	a2.31	67	52	62	55	58	2	3.4	New company being organized will probably maintain present dividend. (A)
Stand. of N. J.	2.11	3.30	NF	47	38	46¼	43	45½	1	2.2	Conservative in cash div. but capitalizes surplus in stock div. as business grows. (A)
Texas Co.	1.24	4.02	*6.00	55	43	55	50¾	53	3	5.7	Company doing well; could pay more. (A)
Tex. & P. C. & O.	def	0.04	*0.10	23	11	19½	16½	17	..	..	Outlook not favorable. (B)
Tidewater	1.45	1.95	a2.72	37	30	39	34	38	1	2.6	Larger disbursements may be declared. (A)
Transcontinental	def	def	a0.10	6	4	4¾	4	4¼	..	..	Dividends not in sight. (B)
Union Oil of Cal.	2.26	1.65	a2.31	43	33	46	37	41	2	4.9	Pays frequent extras; could continue this policy comfortably. (A)
White Eagle	2.93	2.24	*3.50	32	26	29	26	28½	2	7.0	Present div. earned by fairly wide margin but not likely to be increased. (A)

†Old stock. ‡Years ended June 30. ¶Years ended March 31. *Estimated. **First six months. a First nine months. b Plus extras. NF—Not available. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough at present.

line has, in effect, also increased the capacity of the refining end of the oil business. The Spring demand is looked to for some correction of this situation and production declines will probably also make it necessary to draw upon stocks.

Satisfactory Earnings

The earnings of most of the companies have been good and will probably be better this year. In addition to the advantage of higher prices, the producers have accumulated large supplies of crude oil in storage during the past few years when oil was cheap. Some of the companies have already started to turn their storage into profit. The condition of the industry is still such that the larger companies who can withhold a part of their production from the market have an advantage over the smaller producer who lacks capital and must market his crude as soon as discovery wells prove up his acreage.

The potential storage of the industry, in a sense, includes the reserves underground in fields where good producing wells have been capped when the supply at the surface was excessive. Most of the leading producing companies are in a position to increase their daily average production from 10 to 30% at will, by running oil from wells that were capped in the interests of conservation during the last two years.

Dividend Policies

Will dividends be larger this year? Aside from the "extras" when exceptionally good fortune favors individual companies, as is so characteristic of the oil industry, dividends on the average will probably be about the same or slightly better than last year. The consolidation fever has hit the oil industry and will have a marked influence on the dividend policies of some of the companies. This is particularly pertinent in the case of the smaller concerns which have been unusually liberal in the matter of dividends. When taken over by the larger and more conservative companies, income to stockholders will be adjusted in line with the more conservative policies of the new managements. To offset this tendency, the larger companies may be expected to have greater incomes and, therefore, to pay larger dividends with the same conservatism that they paid smaller dividends when earnings were lean.

(*Please turn to page* 864)

Position of Leading Manufacturing Company Stocks

	Earned Per Share			Price Range							
				1925		1926		Recent	Div'd	Yield	
	1923	1924	*1925	High	Low	High	Low	Price	Rate	(%)	REMARKS
Advance Rumely pfd.....	def	$2.84	NF	62	47	63	56	61	$3	4.9	Growing likelihood of increase to full 6% rate. (A)
Case (J. I.), The, M....	def	nil	$8.0	68	24	85	63	85	..	..	7% back divs. still due on preferred will delay consideration of com. div. (Cs)
Chic. Pneu. Tool........	$7.40	6.04	5.75	128	80	120	111	113	5	4.4	Has probably reached limit of div. possibilities for present. (C)
Emerson-Brant. pfd.	†def	†def	nil	26	8	24	19	21	..	..	Financial condition does not justify early div. action. (C)
Fairbanks-Morse	8.55	4.50	6.0	54	32	59	51	53	3	5.7	Div. recently increased from $2.40. (Cs)
General Refractories.....	3.63	2.79	4.5	58	42	49	46	46	2	4.4	Some possibility of moderate increase. (C)
Hoe (R.) & Co. Cl. "A"	7.00	5.04	nil	48	27	35	31	32	..	..	Div. passed in December, result of extraordinary expenses. (C)
Ingersoll-Rand	§6.04	§4.47	5.5	107	77	105	90	95	3	3.1	Will doubtless pay more eventually. (Cs)
Int'l Business Mach.....	13.46	14.77	17.0	176	110	151	140	148	8	5.4	Proposes to split shares 3 for 1 and will probably pay $3 div. on new stock. (Cs)
Int'l Comb. Engine......	3.21	2.66	2.2	69	32	64	53	54	2	3.7	No change in div. policy likely. (A)
Int'l Harvester	6.07	11.86	16.0	138	96	134	124	128	5	4.0	Good prospect for stock or higher cash. div. this year. (A)
U. S. Hoffman Mchy....	3.96	3.66	6.0	49	23	59	46	58	3	5.2	In position to pay more. (Cs)
Worthington Pump	5.20	1.32	NF	79	35	45	37	43	..	..	No prospect for div. in near future. (C)

† Years ended Oct. 31. * Estimated. NF—Not available. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for present. §On basis of present capitalization.

Position of Leading Equipment Stocks

	Earned Per Share			Price Range							
				1925		1926		Recent	Div'd	Yield	
	1923	1924	*1925	High	Low	High	Low	Price	Rate	(%)	REMARKS
Amer. Brake Shoe & Fy..	$13.00	$11.24	$13.0	156	90	180	150	177	$5	2.8	In position to pay more liberal divs. (C)
Amer. Car & Foundry....	§†7.00	§6.77	NF	115	98	114	109	107	6	5.6	Present div. well secured. No early change likely. (A)
Amer. Locomotive	21.25	9.80	def	144	105	119	111	106	8	7.5	Exceptionally strong financial condition. No change anticipated. (A)
Amer. Steel Foundries...	9.68	5.76	4.5	47	38	47	44	45	3	6.7	No immediate increase in rate likely. Possibility of extras later. (A)
Baldwin Locomotive	25.98	def	a nil	146	107	136	123	112	7	6.3	Co. has set aside reserve to cover full 7% rate for 1926. (Cs)
General Am. Tank......	3.21	4.16	a5.50	60	45	55	51	50	3	6.0	Possibility of extra or increase in present div. later on. (A)
Lima Loco, Wks.........	11.24	7.10	a def	74	60	69	63	64	4	6.3	Recovery in equipment industry would permit increase later in year. (A)
N. Y. Air Brake	10.63	4.20	4.0	56	32	43	37	42	2	4.8	No early change in div. policy probable. (C)
Pressed Steel Car	6.65	2.44	a0.51	70	45	79	69	70	..	..	Early div. does not appear in prospect. (B)
Ry. Steel Spring........	†$.92	6.64	3.50	182	123	†57	†55	†56	4	7.1	Has reached div. limit for present. (C)
West. Air Brake	13.09	7.58	9.0	144	97	126	116	125	6	4.8	Will probably continue to pay extras. (A)
Allis-Chalmers	6.01	8.02	a8.78	97	72	94	90	91	6	6.6	Well able to maintain present div. Early increase unlikely. (A)
General Electric	18.40	21.13	NF	337	227	386	323	385	b8	2.0	No early alteration in present div. policy indicated. (Cs)
Westinghouse E. & M...	¶8.43	¶9.21	¶6.55	84	66	77	72	76	4	5.2	Will probably pay more eventually. (A)
Nat'l Supply	14.67	5.09	8.0	71	55	61	56	60	3	5.0	Earnings improving and should permit higher div. (A)
Oil Well Supply	6.93	0.36	4.0	38	34	36	31	35	2	5.7	Possibility of increased rate later in year. (A)

*Estimated. †On basis of present capitalization. §Years ended April 30. a Actual earnings. b Also pays 5% in special stock. NF—Not available. ¶Years ended March 31. (A) Attractive. (B) Unattractive. (C) High enough. (Cs) High enough for present.

Business Conditions Satisfactory But Outlook Slightly Uncertain

Beginnings of an Irregular Trend

SINCE the first of the year, it has been apparent that the tendency toward a general increase in business so marked at the end of 1925 has been absent, on the whole. This may be due possibly to the influence of the usual lag in January or to an overbought market. The next few weeks will determine this point more clearly. At any rate, the number of irregularities in the situation has been growing.

Commodity Prices Off

The most interesting of these is the slight decline in commodity prices. The Bradstreet index on February 1 stood at 13.72 against 14.01 on January 1. This decline brings the average for commodity prices to about the point at where they stood at the commencement of the autumn boom. The most significant of the declines is in steel, where evidently the demand has been affected by the higher rates in effect during the past few months. Scrap steel, usually a good barometer, has been declining almost regularly. While a sort of sellers' market has prevailed since autumn, conditions are slowly turning again in favor of buyers. This, of course, has been due to the abnormally large volume of production which in a number of lines of activity has fairly well satiated the demand for the time being.

U. S. Steel unfilled orders as of February 1 showed a decline of 150,000 tons compared with the previous month. This is the first drop in about a half year. Pig iron production in January amounted to 3.3 million tons, a slight increase over the previous month, which amounted to 3.25 millions. However, the January figure showed a slight decline from the previous January. Considering the fact that December production of pig iron is usually affected by the holiday period, it would seem that production of this commodity is not quite holding its own. The peak for monthly pig iron production was reached in mid-summer when over 3.5 million tons were produced.

Foreign Trade

The December balance of U. S. trade with foreign countries fell to 74 millions. Total for the year amounted to 684 millions against 982 millions in 1925. This was due rather to a large increase of imports which amounted to 4224 millions against 3609 millions the previous year. Exports in 1925 amounted to 4908 millions against 4591 millions in 1924. It will thus be seen that while imports increased about 16%, exports increased only 6%. At this rate, the 1926 year will produce an adverse balance of trade. Of course, the increase in imports was due to the exceptional prosperity of this country which permitted absorption on a large scale of foreign goods and commodities. At the same time, however, it is clear that foreign lands are not yet ready to absorb our own goods and commodities on the same increasing scale. It seems inevitable that we should eventually buy more than we sell abroad.

Large Production

Manufacturing activities continue on a large scale. This is especially true of business equipment, farm machinery and electrical equipment of various types. One of the soundest economic developments now in process in this country is the extension of the use of labor and fuel saving devices. The larger companies, in particular, engaged in this field seem destined for an increasing volume of business.

Though the mining industries, as a whole, are faring more or less satisfactorily, this is not true of coal, especially anthracite. The strike in this industry has virtually paralyzed every mine of importance in Pennsylvania, which is the chief producing district, and has led to acute conditions in that territory. The result has been to lower the volume of business practically to a standstill in this section.

Good Rail Outlook

The railroad situation is still very satisfactory with the general volume of freight up to the best standards. The roads have made remarkable strides in lowering operating costs and the results are now commencing to show themselves in the net income figures. Plans for betterments and improvements are in process of fulfillment. It is expected that the long awaited buying movement of steel for railroad purposes will soon materialize which should tend to offset the anticipated reduction of steel business flowing from automobile sources.

Money conditions continue fair with time money rates slightly lower. Despite extensive use of credit for stock speculative purposes, the situation has not affected materially the amount available for ordinary business transactions. Over a relatively broad period, the outlook is that rates will decline.

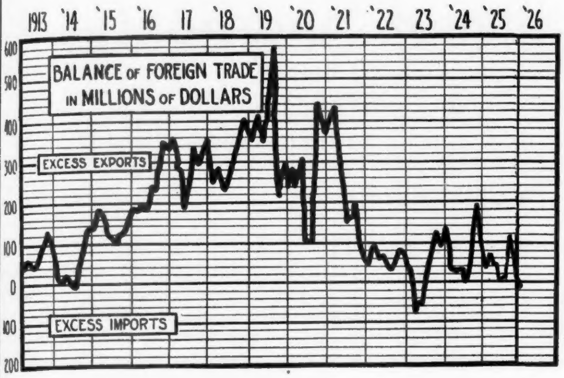
Summarizing, it is apparent that more irregular tendencies than have been seen for some time are developing in the business situation. This is leading to a resumption of hand-to-mouth buying with a rather adverse effect on prices. While optimism still prevails, there is a growing note of restraint in the attitude of representative business men.

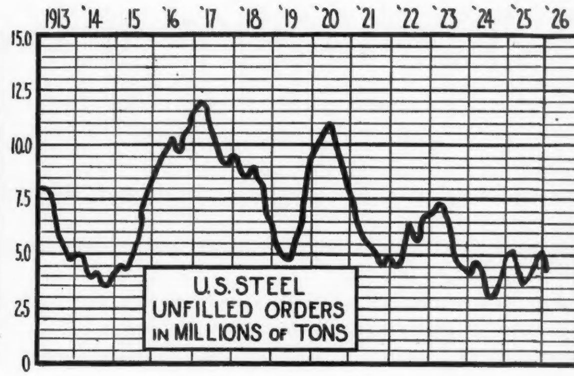
Conclusion

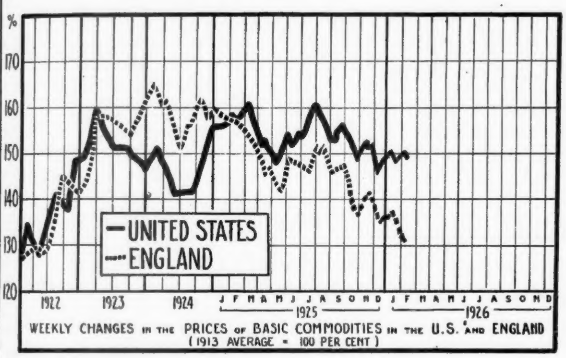
So far as the stock market's business forecasting abilities are concerned, it is proper to point out that just as the rising stock prices of last year probably over-discounted prosperity, so does the recent irregularity in the market probably indicate little more than a technical adjustment. Certainly, little appears as yet to justify a pessimistic view on the business outlook. Some industries, to be sure, such as building and automobiles, seem in a somewhat uncertain position but this uncertainty is merely relative. In other words, it is possible that these industries may slump a little but their total volume of production for the year is not likely to be much less than that of 1925 and probably will exceed that of 1924. Hence, we may expect that while recessions in the amount of business activity are likely to occur, no marked change in the general situation should be anticipated. Of course, one must always make allowance for the unknown but aside from such possibilities there appears little reason to grow anxious over the outlook.

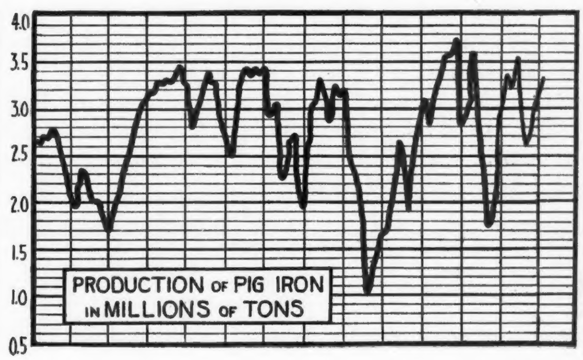
For an unusually valuable and important article on the business outlook please see "How One of the Highest Government Officials Views the Business Outlook"—page 793.

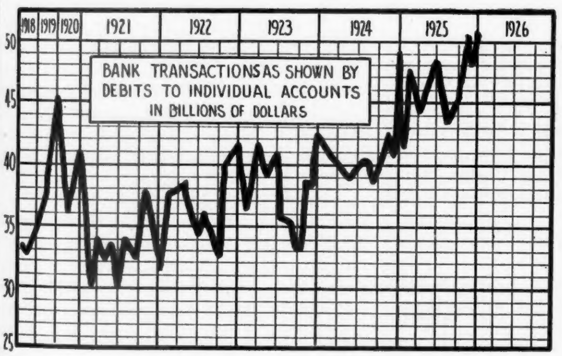
THE TREND OF MANUFACTURE, TRADE & COMMERCE

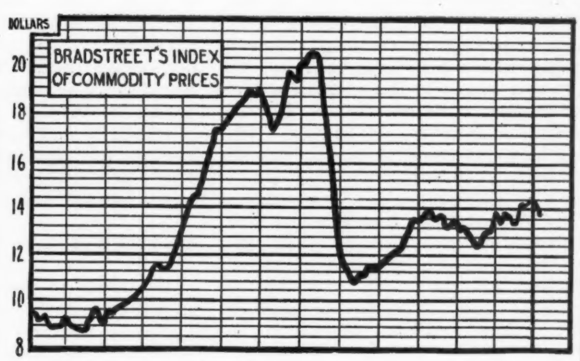


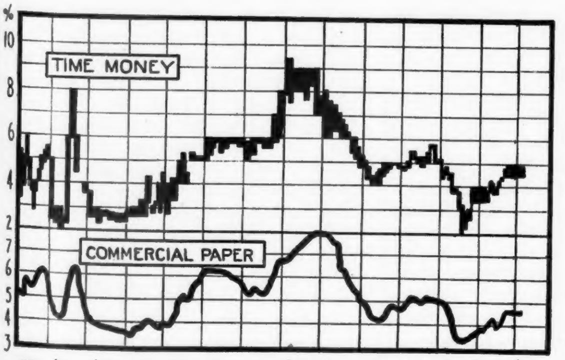


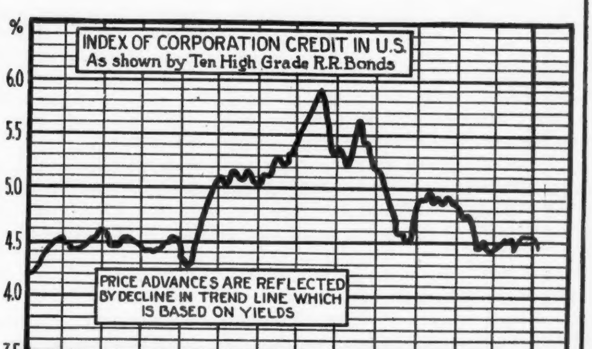


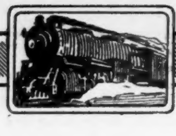


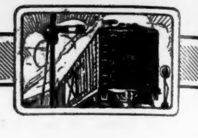












Opportunities in Railroad Segregation

Companies Which May Segregate Their Non-Transportation Assets and the Benefits Which Would Accrue to Shareholders

By J. A. POLLOCK, JR.

THE actual value of a number of the most important railroad shares is not fully appreciated by investors. Some of these, in the event of segregation of their non-transportation assets, would be worth very much more than their current selling price. The large profits which have accrued to former holders of Delaware, Lackawanna & Western shares, are a classic example of the speculative opportunities which exist in the segregation of railroad properties. This article discusses in detail the possibilities for a number of the leading systems. It is worth examining very carefully as it marks one of the very few occasions in which the subject has been treated at all adequately.

A COLLATERAL effect of the present era of railway consolidations may very likely be the segregation of a number of assets of the carriers, not related to transportation. In their original empire building, the early railroads were by no means expected to function merely as common carriers. Transportation may have been only an incidental means to the successful conduct of some other enterprise. For instance, the Delaware & Hudson Company was chartered as a coal mining venture with additional right to operate canals or other means of transportation in the pursuit of its business. In fact, a number of the eastern roads owe their genesis to the existence of coal in location, whence it was feasible to devise transportation to markets by natural and artificial waterways or rails.

Western Roads Received Large Land Grants

Other railways, of which the western roads afford notable examples were projected in new territory with the full intention of its exploitation. There was little originally to encourage the laying of rails, but people and traffic would follow the line of construction. It was therefore necessary to capitalize in advance the enhancement of land values which transportation and settlement would bring about. By government grants chiefly and by purchase, railway companies became owners of enormous tracts of land of problematical value.

Most of these non-transportation assets have lost connection with their original owner. A few land holdings paid from the start, particularly those of the anthracite roads. Land holdings of others have been of such vast extent or little worth, that they remain in part, at least, in the hands of the original owners. Still other segregations of non-transportation properties have resulted from development of the "combination in restraint of trade" idea and the thought which seems to be becoming more or less universal as time goes on, that public utilities should devote themselves to their proper functions.

Mergers Will Bring About Segregations

The effect of railroad consolidations should be to hasten somewhat the segregation of collateral enterprises. To cite a few reasons, more mergers will probably be effected through exchange of shares than otherwise. Experience has already demonstrated how difficult it is to bring this about to the satisfaction of all security holders, where two or more transportation properties alone are concerned and a more or less parallel comparison is afforded. Inclusion of non-railroad assets unnecessarily complicates a relative appraisal. Directors of the road might well feel unwilling or incapable to undertake this valuation. On the other hand, the first duty of directors of the railway owning outside assets is, of course, to its stockholders. By turning these properties over to them all criticism is barred.

Another consideration is the attitude of the government, which looks with disfavor upon certain carrier and non-carrier combinations where it has, as yet, been unable to force a separation. It is highly conceivable that voluntary segregation would in such an instance expedite the Interstate Commerce Commission's approval in the formation of a transportation system.

A few classic examples of segregation need be cited to show that the stockholder can reap great profit thereby.

Profits to Stockholders in Former Segregations

Delaware, Lackawanna & Western was the first of the rail companies proper to undertake extensive purchase of coal lands some seventy-five years ago, and was likewise the first to effect complete dissolution. The process of distribution began in 1909, when as a result of the Interstate Commerce Commission's refusal to permit the company to charge itself rates, a separate coal sales organization was formed, known as the Delaware, Lackawanna & Western Coal Company. In the same year stockholders of the railroad were given a 15% stock dividend and a 50% cash dividend with right to apply one-half the cash to purchase of the new coal company stock at par of $50. This stock is worth currently about $165 a share. In 1911, a 35% dividend was declared in stock of the Lackawanna Railroad of New Jersey, on which 4% dividends are guaranteed by the parent company. Later the government was successful in its dissolution proceedings against the company, and in 1921 the coal properties, organized into the Glen Alden Company were offered to stockholders share for share at $5, the current value being $165. Following this the parent company declared a 100% stock dividend. An original $50 share of Lackawanna would have a current value of about $525 a share, and since the large disbursement started there would have been some $200 a share profit, the major portion of which may be ascribed to the Glen Alden shares.

In the same segregation the parent company received $60,000,000 4% bonds of the Glen Alden Company which might form the basis of a further distribution. At par these bonds would be equal to about $34.50 a share, and, at a fair market value of 85, to $27 a share on the 17,455,400 shares of Lackawanna. It is to be asked, however, if

this is not already discounted in the present price of the stock, which paying annual dividends of $6 against earnings of about $8 in 1925, $8.35 in 1924, $7.33 in 1923 and $6.20 in 1921, is selling for $150. Distribution of the bonds would reduce income by $3,200,000 or $1.94 per share.

Delaware & Hudson Possibilities

In the importance of separation to stockholders, Delaware & Hudson ranks first. Chartered in 1823 as a mining venture, it is the oldest corporation in the country engaged in the common carrier business. On April 23, it will have been in operation 100 years, in 89 of which dividends have been paid. The mining properties, generally referred to as the Hudson Coal interests, are in part a direct asset of the company, and in part controlled through two subsidiaries, the Hudson Coal Company and the Northern Coal and Iron Company of which the Hudson Coal is the more important unit.

About a year ago, stockholders authorized the segregation of these properties, but to date no action has been taken. Should a complete divorcement take place, and the Delaware & Hudson's position as one of the nucleus of a proposed extensive consolidation argues this ultimate development, it might easily rival the Lackawanna splitup. Data in regard to these coal properties have been jealously guarded. The investigation of the Coal Commission in 1923, however, shed considerable light on the properties. According to the Coal Commission, net earnings before Federal Taxes had in the 10½ years ended December 31, 1922, averaged $2,384,000 against average dividends to the parent company of $783,000, the balance of $1,600,000 being equivalent to about $3.75 a share on the 425,000 shares of Delaware & Hudson stock.

In the five years 1917-1921, to exclude the strike year 1922, earnings averaged $3,375,000 and dividends $845,000 the undisplayed average surplus of $2,530,000 being equivalent to about $5.95 per share of Delaware & Hudson. It is further interesting to note that whereas in 1913 when income taxes began, reserve accounts on the books totaled but $347,000, they stood at $12,701,000 at the end of 1922. This compares with a capitalization on the subsidiary of approximately $17,500,000, for which a stockholders' equity of $57,000,000 was found.

The difference indicates a surplus of close to $100 per share of Delaware & Hudson stock. Analysis of the assets at that time revealed an exceedingly strong liquid position, not surprising in view of the conservative policy in regard to dividends and creation of reserves. In 1923, following the previous strike, the hard coal companies are supposed to have realized very large profits. Passing this over, 1924 may be taken as a normal year in both mining and railroad operation. Delaware & Hudson reported earnings of $13.69 a share, which included dividends from the coal properties estimated at $1,150,000. For tax purposes the Hudson Coal Company reported income of $6,980,000, exceeding dividends by about $5,830,000, or $13.71 per share of Delaware & Hudson, *indicating a consolidated earning power of $27.40 a share.*

In view of present dividend of $9, paid since 1907, the high price in relation to earnings for which other anthracite stocks sell, and the fact that for many years prior to the war it rarely sold for less than 150, Delaware & Hudson would appear to have done relatively little in discounting its segregation possibilities. *From the standpoint of intrinsic worth there would appear every justification for its high record price of 240, established twenty years ago.*

Lehigh Valley Has Remaining Mines

Lehigh Valley Railroad created first the Lehigh Coal Sales Company and later was forced to segregate its coal properties. These were put into the Lehigh Valley Coal Company and in 1923 offered to stockholders share for share at $1. The coal stock is currently quoted at 45. The coal company further created and sold $15,000,000 bonds, the proceeds going to the railroad company. Since selling "ex-coal rights" Lehigh has more than made up its original price and there further remains to be disposed of by July 1, Coxe Bros. & Company, another mining property.

Average earnings of this company in the 10 years ended 1922 were $894,000 against $2,188,000 for Lehigh Coal, and in the five years 1917-1921, $1,269,000 and $3,703,000, respectively. In 1924, Coxe Bros. reported net income for tax purposes of $1,344,000. Presumably this company would be worth about one-third as much as Lehigh Valley Coal, that is, $15 per share of the railroad stock, or allowing for the bonds against Lehigh Coal, possibly $20. At current figures Lehigh Valley Railroad stock paying dividends of $3.50, against earnings of about $6.50 in 1925, and $6.06 in 1924, would appear to include the value of Coxe Bros. *If this is the case, however, the road's merger possibilities can hardly be considered to be reflected in the present quotation of* 85.

Lehigh Coal and Navigation Has Multiple Interests

One of the most interesting companies from the standpoint of a possible separation or disbursement of assets is undoubtedly the Lehigh Coal & Navigation. In fact, the company comprises such varied assets that it can only be properly appraised as a liquidating proposition. In addition, to its mining properties, it owns one, and controls another, canal, and owns two railroads which are leased in perpetuity to the Central Railroad of New Jersey at an annual rental of $2,271,000, subject to occasional revisions upward. It also holds in its treasury the capital stock of the Lehigh & New England Railroad, and a 20% interest in the Lehigh & Hudson River Railway, both of merger

What Segregated Properties May Mean to Quotations of Railroad Stocks

NOTE:—The figures in this table were derived from sources other than that contained in Mr. Pollock's article. The column headed "Future Price of Stock Indicated by Earnings and Assets" should represent in the reader's mind purely a rough approximation of potential value rather than a literal acceptance of the figure. Obviously those stocks whose potential value is far above current market price represent the best speculative opportunities over a broad figure.

	Recent Price	Dividend	Yield %	Future price of stock indicated by assets and earning position
Atchison	130	$7.00	5.38	175
Atlantic Coast Line	220	9.00B	4.09	275
Central R.R. of N. J.	290	8.00	2.75	500
Delaware & Hudson	165	9.00	5.45	300
D. L. & W.	145	7.00B	4.82	150
Erie	36	...	...	50
St. Louis & S. F.	96	7.00	7.29	115
Lehigh Coal & Nav	117	4.00	3.41	150
Lehigh Valley	82	3.50	4.26	100
N. Y., O. & W.	27	...	...	40
Norfolk & Western	150	8.00B	5.33	180
Northern Pacific	72	5.00	6.94	100
Southern Pacific	100	6.00	6.00	150

B—including extras.

importance, a 19.6% interest in the Lehigh Power Securities Corp., whose stock has recently advanced sensationally, government bonds and various miscellaneous securities.

The company's 584,680 shares of stock are selling in the market at about **$70,000,000, or including funded debt at par, the company is valued at about 88 million dollars. If the railroad rentals are capitalized on the basis of a guaranteed stock, that is, at 5%, and the Lehigh Power securities stock, Lehigh & Hudson River stock, and government bonds are taken at market, plus cash, about $63,000,000 of value is accounted for, leaving $25,000,000 as the price of the coal properties, canals, and wholly owned Lehigh & New England Railroad. The latter's earnings have in recent years run around $900,000, but in view of its strategic value it might be sold or leased for considerably more than its earning power alone would warrant. Assuming a lease yielding $1,000,000 per annum and capitalized at 5%, another $20,000,000 of valuation upon the company's assets would be proper. In any event, it would appear that no very great price was being paid for the coal properties. In the 10 years ended 1922, mining profit averaged $858,000 or $1.46 a share and in the 1917-1921 period $1,460,000, or $2.48 a share. Mining profit in 1923 was $1,703,765, equal to $2.91 a share, and in 1924, when fire, flood and labor trouble seriously reduced earnings to $131,274, or $0.23 a share.

Erie's Properties in Van Sweringen Merger

Other anthracite carriers that have not segregated their coal lands are the Erie Railroad and the New York, Ontario & Western. Erie owns two very valuable coal subsidiaries, namely, the Pennsylvania Coal Company and Hillside Coal & Iron Company, with a combined earning power of around 7 or 7½ million dollars. Over the last five years, however, these earnings have been pretty well paid up to the parent company, and are, therefore, visible in the latter's income statements. Due to Erie's immersion in the Van Sweringen combination and the existence of various bonds, for which the coal stock is collateral, a segregation would prove exceedingly difficult to effect. If undertaken, however, it would undoubtedly call added attention to the fact that Erie common, selling 10 points under its exchange value into New Nickel Plate, is undervalued. *The various coal properties were recently apprcised at 84 millions, equal to $75 per share of Erie common stock.*

The New York, Ontario & Western owns both stocks and bonds of the Scranton Coal Company and Elk Hill Coal Company, neither particularly important from an earning standpoint.

The parent company receives bond interest but no dividends. The undisplayed earning power is equivalent to perhaps $0.30 or $0.40 a share on Ontario's stock, and in the event of segregation might prove worth $5-$10 per share thereon.

Norfolk and Western in Pocahontas Coal District

It is commonly believed that Norfolk & Western will eventually go to the Pennsylvania, but that terms will not be easy to arrange. These might be expedited by some distribution of Norfolk's assets, prior to purchase, lease, or exchange. For this purpose, the company's soft coal subsidiary, the Pocahontas Coal & Coke Company, suggests itself. This company controls, 300,000 acres of coal and mineral lands in West Virginia and Virginia, which are pledged under a bond issue, originally $20,000,000, but reduced since 1906 by royalties and sinking fund to approximately $14,000,000. Interest deficiencies are provided two-thirds by Norfolk and one-third by the Pennsylvania, on account of which the company owed $2,048,000 December 31, 1924, as well as $1,400,000 to Norfolk for advances for additions and betterments. Recently some payments on account of past deficiencies have been made by the subsidiary, indicating that in the future it should earn money. Norfolk & Western while not exactly cheap, still offers possibilities.

Real Estate Holdings of Jersey Central

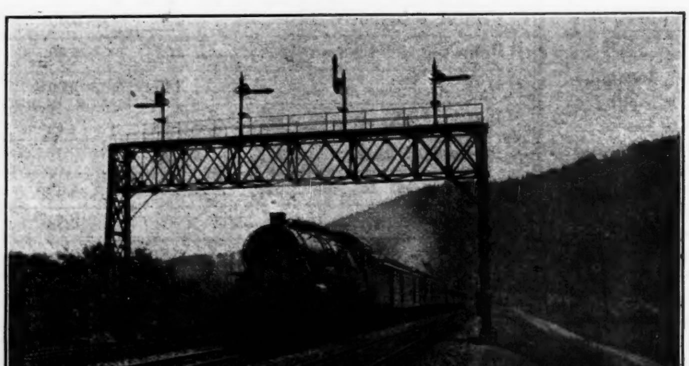
One other coal road should be mentioned here, the Central Railroad of New Jersey. This company in 1923, following dissolution decree, sold the Lehigh-Wilkes Barre Coal Company to a syndicate for approximately 32 millions, equivalent to about $115 per share of the parent company's stock. Part of these funds have been since expended in retirement of debt, purchase of new equipment, and additions and betterments. Notwithstanding, on December 31, 1924, there remained some $70 a share, invested in marketable securities, which could form the basis of a special distribution.

Central of New Jersey owns an enormous amount of valuable real estate, acquired years ago by the company and its subsidiary, the American Dock & Improvement Company, the stock of which is carried upon the parent company's books at $30,000. These combined holdings, of which American Dock & Improvement's ownership amounts to 850 acres, comprise some 5½ miles of waterfront properties extending from Jersey City to Bayonne. Improved with docks, warehouses, and railroads, the property has been appraised at $25,000,000. Supported by the government valuation Jersey Central would appear to have an asset value in the neighborhood of $600 a share. *Considering the road's great strategic importance, much higher prices for the stock than the present should be realized even without special distribution or further segregation.*

Southern Pacific Owns Ten Million Acres

In magnitude, few segregations have equalled that of Southern Pacific's California oil lands. These properties, along with 51% of the Associated Oil Company's stock were put into the Pacific Oil Company, stock of which was offered to Southern Pacific holders, share for share, at $15. Pacific Oil has recently passed to the Standard Oil Company of California on the basis of an even exchange of shares, having first distributed the Associated Oil holdings, so that Pacific Oil stockholders receive the equivalent of about $84 a share.

Some 259,000 acres of land were conveyed to the Pacific Oil Company. Southern Pacific still controls over 10 million acres, not including some 2 million acres taken over by the United States for which settlement is pending. The possibilities of this vast acreage can hardly be reckoned. In the last 15 years receipts from the land department have averaged about $1,620,000 annually. Other properties of the Southern Pacific system, which might at some future time constitute the basis of special distributions, are the 1,249 mile Southern Pacific Railway of Mexico, and various electric traction lines involving 888 miles. The company also controls steamship lines and various lumber, coal, oil and express enterprises.



Northern Pacific Has 600,000 Acres Rich in Ore

Northern Pacific has a very valuable nontransportation subsidiary in the Northwestern Improvement Com-

(*Please turn to page* 863)

Bonds

INVESTMENT demand for bonds due to the large amount of new funds released by interest and dividend payments over the first year continued with the result that bond prices maintained their firm tendency. The most important incidents, so far as new offerings were concerned, were the issue of $75,000,000 New York City corporate stock and $50,000,000 notes of the General Motors Acceptance Corporation. The former was offered to yield 3.75 to 4.25%, and the latter on a 5 to 5½% basis, depending on the various maturities. The reception accorded these offerings showed that the public has not yet been satiated in its appetite for good bonds.

There was no weakness observable in any section of the list. Among the issues carried in the Bond Buyers' Guide, the Great Northern Railway general mortgage 7s, and Laclede Gas Light collateral and refunding 5½s bettered their previous high levels. The Boston & New York Air Line 4s made a new top at 75, and the New York, Ontario & Western refunding 4s gained a point. Among the public utilities, the Manhattan Railway consolidated 4s gained two points, and Kansas Gas & Electric 6s and Commonwealth Corporation 6s were strong spots. In the industrial section, the B. F. Goodrich Rubber Co. 6½s at 106 were selling within a point of their callable price. Oil, steel, rubber and copper issues were in fair demand.

Tractions Active

In the more speculative section of the utility list, chief attention was centered on the N. Y. tractions. These had declined from their recent high levels on the natural profit taking following their recent sharp spurt, but demand was again apparent on the recession, especially the Third Avenue Railway adjustment mortgage 5s. Interborough bonds were being picked up at the lower levels. Hudson & Manhattan issues, especially the adjustment income 5s, were strong.

In the junior rail section, the St. Louis-San Francisco issues were sought for by investors. The Rock Island, Arkansas & Louisiana 4½s, at 92, dipped under a 6% yield for the first time in several years. Erie General 4s advanced three points.

There was also a good demand for special issues in the more speculative section of the industrial list. The Warner Sugar Refining Company 7s touched par, and the Murray Body Corporation first 6½s, continued their advance to above 93. These were the outstanding features in this division of the list.

With money still in easy supply and the growing wealth of the country seeking an outlet for investment funds, it is apparent there is little likelihood of any materially lower price levels for good securities for some time to come.

Bond Buyers' Guide

(Bonds listed in order of preference)

High Grade

(For Income Only)

Non-Callable Bonds:		Approx. Price	Approx. Yield	¶ Int. earned on entire funded debt
Great Northern Genl. 7s, 1936	(c)	113	5.30	2.19
Atlantic & Danville 1st 4s, 1948	(a)	78	5.75	....
Western Union Telegraph Co. 6½s, 1936	(a)	112	5.00	7.64
New York Edison Co. 6½s, 1941	(b)	115	5.10	3.30
Chicago & Northwestern 7s, 1930	(b)	108	4.75	1.80
New York Dock Co. 4s, 1951	(a)	82	5.30	2.70
Callable Bond:				
Armour & Co. Real Estate 4½s, 1939	(a)	92	5.35	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	104	5.20	1.76

Middle Grade

(For Income and Profit)

Railroads:				
Cuba R. R. 1st 5s, 1952	(a)	91	5.65	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	79	5.60	1.25
Western Pacific 1st 5s, 1946	(c)	97	5.25	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	70	5.75	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	104	5.70	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	95	5.35	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	96	5.20	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	99	5.05	1.10
Boston & New York Air Line 4s, 1955	(a)	75	5.80	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	95	5.35	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	104	5.60	1.50
Rutland R. R. 1st 4½s, 1941	(a)	86	5.90	1.75
Industrials:				
South Porto Rico 1st Mtg. and Col. 7s, 1941	(b)	108	6.20	g 3.31
Sinclair Pipe Line 5s, 1942	(b)	91	5.85	g 2.50
Goodrich, B. F., Co., 1st 6½s, 1947	(b)	106	6.00	e 2.40
International Paper Co. 5s, 1947	(a)	95	5.40	3.50
U. S. Rubber 5s, 1947	(c)	94	5.50	2.05
Bethlehem Steel Co. 5s, 1936	(a)	96	5.50	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	95	6.00	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	103	5.80	g 1.25
Cuba Company 6s, 1935	(b)	96	6.60	e 7.00
Consolidation Coal Co. Rfd. 5s, 1950	(a)	85	6.20	2.00
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	64	6.30	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	97	5.50	2.40
Ohio Public Service 7s, 1947	(c)	110	6.15	f 2.00
United Fuel Gas 6s, 1936	(b)	103	5.60	e 7.00
Hudson & Manhattan Refunding 5s, 1957	(c)	95	5.35	2.60
American Gas & Electric 6s, 2014	(c)	99½	6.05	2.00
American Power & Light Deb. 6s, 2016	(c)	97	6.20	3.00
Kansas Gas & Electric 6s, 1952	(b)	103	5.75	1.80
Commonwealth Power Corp. 6s, 1947	(c)	104	5.65	4.50
Market St. Ry. 7s, 1940	(b)	99	7.10	2.30

Speculative

(For Income and Profit)

Railroads:				
Erie Genl. Lien 4s, 1996	(b)	72	5.60	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	95	6.35	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	95	5.30	1.10
International Great Northern Adj. 6s, 1952	(c)	74	6.00	....
Chicago Great Western 1st 4s, 1959	(a)	66	6.50	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	69	6.50	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	92	5.80	....
Industrials:				
Pan. Amer. Petroleum & Transport Conv. 6s, 1934	(c)	108	4.80	25.00
Cuba Cane Sugar 7s, 1930	(c)	96	8.20	2.15
International Mercantile Marine 6s, 1941	(b)	88	7.30	2.50
Warner Sugar Refining Co. 1st 7s, 1941	(c)	100	7.00	....
Public Utilities:				
Empire Gas & Fuel 7½s, Series "A," 1937	(c)	102	7.20	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	95	6.35	e 1.52
Chicago Railways 1st 5s, 1927	(a)	77	16.00	1.15
Hudson & Manhattan Adj. Income 5s, 1957	(b)	81	6.40	2.00
Interboro Rapid Transit 5s, 1966	(a)	70	7.30	0.95
Third Avenue Railway Rfd. 4s, 1960	(b)	59	7.25	i 1.73

¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., $1,000. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. i Does not include interest on adjustment bonds.

New York Tractions Stage a Revival

Expectation of Higher Fares Ultimately—Future and Not Present Position Sole Basis for Security Advance

THE Cinderellas of the Public Utilities—the great five New York City traction securities—have recently experienced an old fashioned revival on the New York Stock Exchange. New York Railways Co., Manhattan Elevated, Interborough Rapid Transit, Brooklyn-Manhattan Transit and Third Avenue Railway, have all participated more or less in the advance. Underlying company securities have in many cases advanced even more than those of the parent organization.

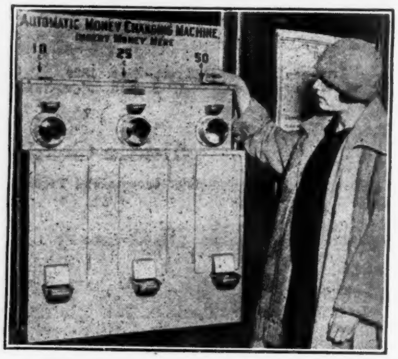
It is obvious that while some slight earnings improvement has been shown by some of the companies, existing improvement in actual operating profits does not in itself account for the increased market value of more than twenty million dollars which has taken place since the beginning of the recent boom. Rather the possibility of a complete reversal of that municipal policy towards tractions which prevailed in the last four years, is the sole reason for the excitement. But there are specific possibilities contained in this hope, which makes optimism a legitimate position.

New Yorkers are fully acquainted with the past municipal policy which had destroyed the prosperity of the traction companies. As early as 1905, Mr. Hearst ran for the mayoralty on a Municipal Ownership party ticket, and many believe that he was really elected, for his mantle decended to Judge Hylan, who was elected Mayor in 1917. The latter's hostility to local traction companies amounted to a phobia, and his fetich of the "five-cent fare" was clung to tenaciously because it assured him re-election.

New York traction companies withered under this bad treatment, though there is no question that had they been more conservatively capitalized in the past, they might have weathered the storm. But they were what they were, and attacks on an already weakened structure rendered any prosperity impossible. Consequently, New York Railways and Brooklyn-Manhattan Transit were re-organized. Re-organization meant an improvement in their condition. The others survived principally in expectation of a change.

The Walker Administration

Hylan was beaten in the Democratic primary by Senator Walker, whose administration has shown a different attitude towards local traction companies.



Automatic Money Changing Machine in Use in the New York Subways

Friendship and conference have succeeded to enmity and bickering. The many points of dispute between the city and the companies have been made the subject of pleasant negotiation. Additionally, Mr. Walker has sufficiently impressed the Republican majority in the state legislature with his sincerity, to assure their co-operation in the passage of laws permitting the city to finance new subways. This important development has been blocked for nearly a decade by the uncompromising position of Hylan. Only occasional surrenders on his part resulted in whatever extensions occurred during his two administrations.

But all of these pleasant negotiations carry no warranty, in themselves, of a higher fare. Yet, undoubtedly, the crux of the recovery of these companies depends fundamentally upon securing higher rate for their service. No matter what the other advantages accruing from the present administration attitude, none can equal the constant surplus brought about annually by a higher fare schedule.

Mr. Walker was elected on a five-cent fare platform. He cannot himself reverse this position without great damage to his own political future, and that of his party (Tammany Hall). Nevertheless, a resolution is in force permitting a referendum on the question of the five-cent fare. Five years ago such a referendum would have proved a farce. Undoubtedly any proposal for an increased fare would have been "snowed under." But years of traffic delay and bitterness resulting from inadequate traction development has generated another mood in the citizenry of New York. There is fair expectancy that if the referendum is submitted this autumn, and the Tammany organization observes a benevolent neutrality, the five-cent fare will be a thing of the past. Apart from the referendum there are certain other forces working towards higher fares.

Undoubtedly, the newer subways will cost far more than the older subways. Most of the other subway lines were built when labor and materials were comparatively cheap. Not only must the new subways be built more expensively on this basis, but what is more they must be built speedily. Traffic congestion has reached an altogether intolerable point. The speeding of the Central Park West subway is a case in point. Begun in 1924 it was expected to be completed in 1929. It may be in operation before the end of 1926, at least over a part of the route. Three shifts at over-time wage are not cheap.

Since the newer subways will be far more costly than the old, a five-cent fare will not begin to pay for their operation. The city has one of two options. Either it can meet the deficit out of additions to an already crushing burden of taxation. There is grave reason to doubt the constitutionality of such a procedure, and, second it is almost a certainty that any great addition to taxation would wreck a municipal administration. Then there is the alternative of establishing an eight-cent fare on the newer lines and a five-cent fare on the older. This situation would also ruin the newer lines, for it would reduce the passenger traffic to a shadow. It seems clear, therefore, that steps will have to be taken in practical subway administration that will make the fare referendum merely a ratification of a higher fare situation rather than a true referendum.

While fare increases are the key to the recovery of New York City tractions, yet the other advantages that may be granted to the companies could put them on a really good basis. Such advantages are city payments towards lengthening platforms, revocation of the franchise tax, abolition of paving payments by surface car companies, favorable settlements of suits for damages now being made by the companies, exclusive bus franchises, etc. Another great possibility is unification of traction operations. This would certainly mean increased fares, since fares between bus lines and surface and subway and elevated lines would have to

be equal. Otherwise one group might become bankrupt while the others flourished.

A little give and take may be needed to establish better positions for the companies. If, for example, the companies would withdraw suits, etc., they might be permitted a revaluation of their properties, thus laying a foundation for higher fares.

Pool operations have undoubtedly been the core of the advance in New York City tractions. Floating rumors of impending bankruptcy of Interborough, which prevailed at the beginning of the year, had brought out a large short interest. It was easy for the pools to demolish this short interest on the basis of the new situation. These pools have operated so heavily that it is though they must have had inspired financing.

Present market situation, therefore, is largely a pool creation accompanied by a short interest collapse. Have tractions over-discounted the future in view of these operations? The answer must be that if speculators are guessing right, the stocks have not begun to discount their possibilities, but that after all most of this advance is merely high-grade guessing on a plausable foundation of fact. There can be no question that present position of the companies in no way merits a substantial advance.

Several issues, however, appear to have outstanding merits in this advance. Although all will rise and fall together, certain securities have greater intrinsic possibilities.

BROOKLYN-MANHATTAN TRANSIT
(*Voting Trust Certificates*)

Brooklyn-Manhattan Transit is a reorganization of the old Brooklyn Rapid Transit Company. It operates practically all of the surface lines in Brooklyn (a city of more than 2 millions), all of its elevated railways, and has a subway system in Brooklyn, Manhattan and Queens. It is showing constantly improving earnings. For the year ended June 30, 1925, earnings on common stock were $4.65 and in the latter half of 1925, earnings were fully one-sixth larger than in the corresponding period of 1924. Brooklyn-Manhattan Transit operates in a territory marked by constant population growth. When the company is permitted to extend its lines, instead of depending upon increasing traffic on its present lines, its earnings should show a startling increase.

It is considered certain that Brooklyn-Manhattan Transit will obtain the operation of the new Central Park West-Washington Heights subway, which would in effect allow them to parallel the Interborough lines, and thus give a general city service. Company is ready to spend 15 millions for physical improvement if city will complete Nassau-Broad subway, thus relieving present tube congestion. On account of the failure of city to complete lines, Brooklyn-Manhattan Transit has a 30 million dollar suit. Nevertheless, no matter on what basis this suit is adjusted the common stock is bound to benefit. Moves for abolition of paving charges peculiarly affect Brooklyn-Manhattan Transit, as a large part of its lines are surface tractions. Unified bus systems in Brooklyn, when operated, should fall to the Brooklyn-Manhattan Transit, as it alone is capable of giving unified service.

At present price of 66 Brooklyn-Manhattan is not selling out of line with present earning power, and, hence, is the outstanding opportunity among New York tractions. It is not too much to say that if these favorable developments take place, the stock should sell very much higher.

BROOKLYN, QUEENS COUNTY AND SUBURBAN
(*1st Consolidated 5s, 1941*)

This subsidiary of Brooklyn-Manhattan Transit operates in the fastest growing section of Greater New York. Its surface lines tap not only newer suburban developments but densely populated tenement districts in North Brooklyn. Its rush hour traffic is very heavy. Nevertheless, its earnings are in red figures. Hence, the astonishingly low price and high yield of the 1st consolidated 5s. But this deficit results from the ploughing back of tremendous sums into the property. Gross earnings are increasing, and the swiftly growing population of the territory must be adequately served. Brooklyn-Manhattan Transit owns the stock, and has retired the only underlying issue. The company is building up physical equipment, and is organizing for great operating profits in the future. If Brooklyn-Manhattan Transit builds up a company in which it owns all the capital stock, instead of drawing all that it can out of it today, it should follow that the bonds would become better and better investments.

At 62 to yield 9.90%, it is the outstanding bond speculation in New York tractions.

BROOKLYN-MANHATTAN TRANSIT
(*Voting Trust Certificates*)

Interborough Rapid Transit operates the principal subway lines in the Borough of Manhattan, with extensions into Brooklyn, Queens and the Bronx, and also leases from the Manhattan Elevated Company all elevated railways is the Boroughs of Manhattan and the Bronx. After providing for 200 millions in funded debt and guaranteed payments to Manhattan Elevated, Interborough has shown deficits. In the last six months of 1925, however, surplus of $457,000 was reported, or at the rate of $2.60 per share per annum. As usual, the subway division reports a profit and the elevated division a loss. Were the Manhattan Elevated lease cancelled, Interborough earnings would be about $9 a share.

Revaluation of physical property and adjustment of station extension costs for valuable consideration is the prin-

(*Please turn to page 853*)

Six Leading New York Traction Securities

BONDS	Outstanding In millions of dollars	Prior Liens	Interest Times Earned	Tangible Assets	Recent Price	Yield
Brooklyn, Queens County & Suburban, 1st & Cons. 5s 1941	2.8	1.7	1.08C	1.0C	62	9.90
Third Avenue Ry. Adj. Mtge. Income 6s 1960	22.5	33.6	4.55A	1.3	59	B
New York Railways Co. Income 6s, 1965	20.7	21.0	1.80A	.8	32	...
Twenty-Third Street Ry. Co. Imp. & Ref. Mtge. 5s 1962	1.5	0.2	2.00	D	65	7.90

STOCKS	Pfd. Sh. Outstanding	Common Sh. Outs'g	Earned 1925 per Share	Div.	1925 H	1925 L	1926 H	1926 L	Recent Price	Yield
Brooklyn-Manhattan Transit common v.t.c.	249,468	769,911	$4.65E	$4	64	35	69	55	66	6.00
Interborough Rapid Transit common v.t.c.	......	350,000	....	..	34	13	39	25	37	...

A—Percentage earned. B—2½% now paid, rate indeterminate. C—Entire system. D—Not separately reported. E—Ended June 30.

Are the Sugars Coming Back Into Their Own?

Has the Industry Actually Turned the Corner?

ALTHOUGH the price of raw sugar has advanced from a low of 1 15/16 cents late last year to around 2½ cents, the current quotation for the commodity is too low to afford more than the most moderate profits even to the lowest cost producers. The recent advance in the shares of the sugar producing companies, therefore, must be based on anticipated rather than on actual conditions. From the 1925 low, for example, Punta Alegre is up 13 points, Cuba Cane preferred 11, Cuban-American 9, Cuban-Dominican preferred 4, Manati 13 and South Porto Rico Sugar 84. Apparently someone expects improvement.

Comparing the Costs of Five Leading Sugar Producers*

	Capacity Bags, 320 lbs.	Pounds per Com. Share	Cents per Pound Charges ahead of Common: Interest (a)	Cents per Pound Charges ahead of Common: Dividend Pfd.	1925 Cost Per Pound (b)
Cuba Cane Sugar.....	4,500,000	2,880	0.184	0.244	2.363
Cuban Dominican Sugar	2,600,000	509	0.322	0.109	2.440
Manati Sugar	650,000	2,080	0.434	0.115	2.351
Punta Alegre Sugar...	2,500,000(c)	2,096	0.159	None	2.093
South Porto Rico Sugar(d)	1,100,000	2,285	0.172	0.112	(e)

NOTES:—*American Sugar Refining and Cuban American not included in table because both companies own refining properties of importance and comparison of figures would not be of value. (a) Includes annual sinking fund changes. (b) Taken from annual reports. (c) Includes Antilla, and is latest estimate of productive capacity. (d) Producers in Porto Rico and Santo Domingo thus obtaining 1.76 cents a pound tariff advantage over Cuban producers. (e) Not available.

Willett & Gray estimate the 1925-1926 world crop at 24,378,214 tons against 23,573,283 tons in 1925 and 20,121,269 tons in 1924. Cuba's 1926 output, in spite of depressed prices, is estimated at 5,373,714 tons against 5,125,970 tons in 1925. Of course, figures for beet sugar production, both in United States and in Europe, must be taken as tentative, for the crop is not yet in the ground. However, the forecast of cane sugar production, probably is reasonably accurate for the time when big crop damage usually occurs, in Cuba, at least, has passed. If the sugar equation is to improve, it is more natural to expect the favorable factors to develop through more limited production in the sugar year beginning with next fall's beet harvest, or through much larger consumption, than through a smaller supply of cane sugar in Cuba in 1926.

Cuba is faced with a good deal of competition. Porto Rican, Philippine and Hawaiian producers, as well as American beet producers, have the advantage of a tariff of 1.76 cents, and foreign, especially European, governments are subsidizing home production in the same way. Cuban sugar is, therefore, not competing on an equal basis.

A company in Porto Rico or in Colorado with costs 1.76 cents above the cost of a Cuban company can compete with the Cuban company on an equal basis. Since there is little prospect of the tariff being changed in the near future, this is a factor of prime importance. It tends to eliminate all high cost Cuban sugar growers. More than ever, Cuba's position is that of a producer taking up the slack in the world's supply. The rest of the world's disposition is to buy only as much sugar from Cuba as is necessary to avoid a sugar deficit. However, there is no likelihood of the world being able to keep comfortably sweet without Cuba; and if tariffs were eliminated Cuba would be able to compete with almost any country, and the world inevitably would draw more and more upon Cuba's production.

A year ago there was scarcely any carryover from the old crop. Both visible and invisible supplies were low in every country. This helped in the absorption of the big 1925 crop. At present, visible supplies are comfortable, and some sugar authorities are inclined to think that world invisibles are a little larger than usual. The action of the raw sugar market, however, does not seem to bear out the theory. Sugar consumption should not be confused with sugar "disappearance," but from statistics available the two items are practically impossible to distinguish.

Without doubt, the normal increase in the world's sugar consumption was interrupted by the war, and some of the European nations are still psychologically sugar hungry just as America was psychologically sugar hungry directly after the war. If Europe and Asia were to consume anywhere near as many pounds per capita as America, sugar prices would have to rise. With standards of living again increasing abroad, more than a normal gain in demand is a reasonable expectation. Hence, the sugar situation, even from the standpoint of the Cuban producers, may not be as hopeless as it may seem statistically and tariff-wise. On the other hand, any optimism regarding the prospects of the Cuban sugar shares should be tempered with conservatism.

AMERICAN SUGAR Although American Sugar Refining owns an annual productive capacity of about 1,200,000 bags in Cuba, it must stand or fall as the largest refiner of raw sugar in the United States, refining annually about 20% of domestic consumption. Because there is an excess of refining capacity in the United States, and because it has been difficult in a rapidly fluctuating and usually declining sugar market to make a profit in the refining business, earnings in recent years have not been satisfactory. The company, however, has kept itself in strong financial position; and recently has been showing a fair profit from operations. The annual report for 1925 probably will show a rather small balance for the common, but the recent dividend resumption on the common was based on what could be expected in 1926 with sugar prices more stable and refineries operating more efficiently. In late years, American Sugar has made most important property improvements which from now on should begin to show up in earnings.

Holdings of cash and loans at the beginning of 1925 were about $53,000,000; thus, even if earnings should only about cover dividend requirements, or

even fall below dividends, the company could continue distributions on the common stock at the present $5 rate. The common stock, it should be remembered, paid dividends at the rate of not less than $7 per annum from 1891 to 1921, and the preferred never has missed a payment.

Given anything like reasonable operating conditions, the common probably will regain its old position as an investment industrial. If earnings show a good trend there is at least a possibility of an increase in the dividend from $5 to $7.

The preferred, selling at around 104, with a 35-year dividend record, is a cheap $7 investment issue. The 6% bonds of 1937, although not secured by a mortgage, may be regarded as a high grade investment and are attractive. The common seems on its way back to its old market levels when the issue was a true investment, and is consequently attractive at the present price of about 80.

—Leading Sugar Stocks Compared—

	$ Earned Per Share 1925	Recent Price	Div. $	Yield %	Earned on Market Price %
American Sugar	*2.00	82	5	6.0	2.4
Cuban American	‡1.16	30	2	6.6	3.8
Cuban Cane, pfd.	‡1.47	48	..	..	3.0
Cuban Dominican	‡def.	3	..	..	..
Manati	†def.	48	..	..	..
Punta Alegre	‡2.61	46	..	..	5.6
South Porto Rico.......	‡14.79	143	6	4.1	10.4

*Estimated without including profits on sale of investments. ‡Year ended Sept. 30. †Year ended Oct. 31.

CUBAN-AMERICAN In 1925, Cuban-American produced at its six Cuban estates 2,135,259 bags of raws and manufactured at its two refineries almost 180 million pounds of refined. It requires a profit of just under $1 per bag, or 0.312 cents a pound, on sugar production to cover preferred dividend requirements and interest and sinking fund charges. After that, all profits accrue to the 1,000,000 shares of common stock. The company's production costs are not made public, but are known to be lower than the average for the Island. Refining profits, perhaps, could cover all charges ahead of the common except sinking fund. Common capitalization, on a per share basis, must be considered rather liberal; but the par value of the common is only $10.

Earnings of but $1.16 a share on the common last year led the directors to reduce the dividend from $3 to $2 per annum. At the end of last September the company had 4.5 millions cash and securities against 3.4 million current liabilities and no bank loans.

The common stock probably will continue to pay $2 per annum but there is little prospect of an increase so long as sugar sells under 3¼ to 3½ cents a pound. The yield of 6.7% offered by the shares at 30, considering the nature of the risk, does not seem very liberal. Though it has long-range possibilities, there is nothing especially attractive in the common at this time. The preferred at 100 to yield 7% is not without investment qualities, and reasonably attractive. The 8% bonds at 109 to yield over 7% are well protected.

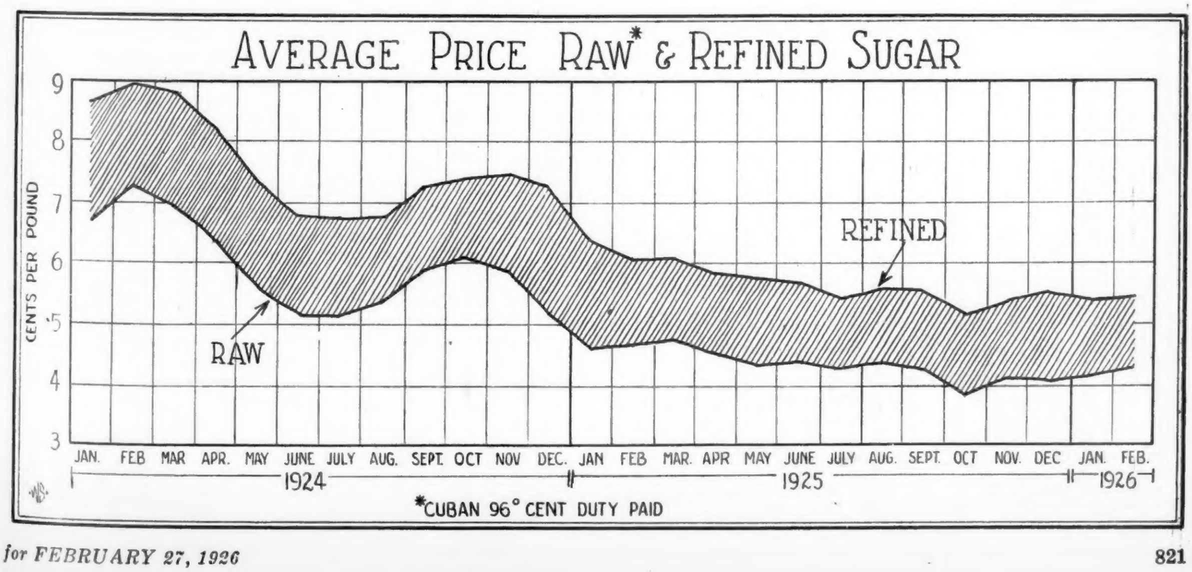
CUBA CANE SUGAR The president of Cuba Cane Sugar, the largest producer in Cuba, has stated definitely that dividends will not be resumed on the preferred stock till raws sell at around 3¼ cents. The $7 requirement might be earned at lower prices, but "paying it would be another matter." In order to pay off any part of accumulated back dividends of about $32 a share on the senior stock a booming sugar market would be required.

Although Cuba Cane's costs are higher than those of Punta, it is an error to regard the company as a high cost producer. Reckoned on a per bag or per pound basis, interest charges are only slightly larger than those of Punta and South Porto Rico and lower than those of Manati. A profit of half a cent per pound will cover preferred dividends and interest and sinking fund requirements. The habit of regarding Cuba Cane preferred as hopeless from a dividend policy is to be discouraged—unless 3¼ cent sugar is hopeless.

At the end of last September, cash holdings were 3.6 millions against 10.8 millions bank loans, hardly a comfortable situation in view of the dollar size of the funded debt. A prolonged depression might mean new financing at rather high costs.

The convertible debenture 7s and 8s, although the conversion privilege will be at no immediate worth, are a good business man's risk and at 95 and 100 respectively, offer a yield commensurate with the nature of the investment. The preferred has good long pull speculative possibilities, but may have to be held for a considerable period. The common is entirely speculative, and the preferred is by far the better speculation.

(*Please turn to page 855*)



Is U. S. Steel's Market Value Justified?

An Analysis of the Present Position and Future Outlook of Steel Common—the Bellwether of the Stock Market—Enormous Size of Unappropriated Surplus an Interesting Factor

INVESTORS throughout the country place a valuation of approximately $130 a share on the common stock of the United States Steel Corporation with earnings last year of $12.82 a share. This price is just a little bit more than the highest stock market valuation of U. S. Steel common in 1916 when earnings were equal to $48.46 a share. The present dividend rate, including extras which have been paid with sufficient regularity to be looked upon as the current rate, is $7 a year. In 1917, the Steel Corporation paid $18 a share on its stock and earned this dividend more than twice over. The highest market valuation for the stock in that year was 136½ as compared with a recent high of 138⅛. Apparently, the stock was either undervalued during the years of its war time prosperity or is overvalued at the present time.

Bell-Wether of the Stock Market

At least, this is the line of argument that is running through the minds of the bearish element in this market. U. S. Steel common is more than "one of those stocks on the exchange." It has gained a reputation as the bellwether of the stock market and a barometer of the steel industry. Its standing in the former regard has been maintained through being a conspicuous leader of the bull market. Even the traders who do not happen to have a position in Steel are interested in what it is doing and more so in what it is going to do in the coming months. They, too, are questioning whether Steel common has been too low in past years or is too high now.

There is this to say for the war time stock market valuation of the stock; the showing of prosperity was based to a large degree on an extremely abnormal demand for all metals for war purposes. Neither price nor production costs were much of a consideration; the prosperity was based on fundamentally unsound conditions that could not last indefinitely. A severe reaction was almost sure to follow—and did. Hence the comparatively low price of the stock during that period. At the present time there is no such specific cause for alarm concerning the immediate future of the steel industry, the U. S. Steel Corporation or Steel common. Consequently, it is entitled to a proportionately higher stock market valuation than during the war years.

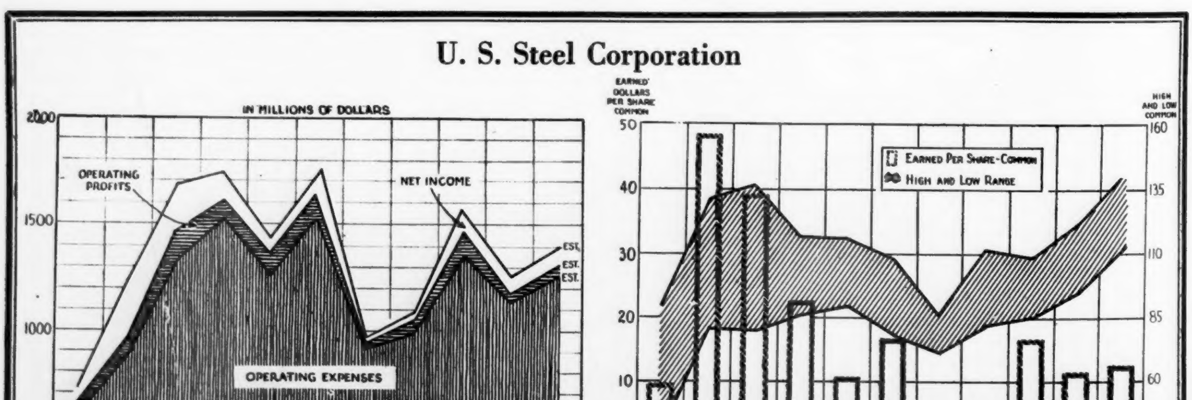
Ability to Cope with Depression

Last year, the Steel Corporation did a larger volume of business than in any previous period, even including the war years which were the former peaks in output. The large production was possible because of a fairly constant and broad demand for steel for industrial purposes. In spite of the large production, the industry enjoyed a remarkable degree of stability. Shipments were made according to schedule, prices were firm and the rate of output was steady enough to make it possible to effect many operating economies. Consequently, it was not necessary for the consumers of steel to pad their orders or to build up large stocks, which might become a drug on the market if the demand lightened. As a matter of fact, the most impressive bull argument is the undoubted soundness of the steel industry and the present ability of the Steel Corporation to cope with any adverse developments that might come within its horizon this year.

Smaller Margin of Operating Profit a Factor

At the present time, it is generally conceded that production and the volume of shipments against business previously contracted are exceeding the amount of new tonnage that the Corporation is placing on its books. This is partially due to a seasonal lull characteristic of this period of the year, competition from foreign mills and a normal let down in orders after the phenomenal amount of contracts closed in the last quarter. The outstanding factor in the operations of the Steel Corporation last year is the small rate of gain in earnings as compared with the large increases in the output of steel during the year. In other words, the Corporation made money on a large volume of business—not on a large margin of profit. There is nothing in sight now that suggests a larger margin of operating profit during the current year. In order that earnings be sustained, therefore, it is highly essential that a good rate of output be maintained and the prospects in this regard are not discouraging.

Last year was an automobile year



in the steel industry. In 1924, out of the total production in the steel industry, about 11% was used in the manufacture of motor cars. Last year, this percentage was increased to around 15%, the difference accounting for a large portion of the increased output. If the present production schedules of the leading automobile manufacturers can be upheld throughout the year, this industry will continue to keep steel production up to a satisfactory level. Building construction and railroad demand for steel increased only to a very small extent but the consumption in both of these major industries will probably be on at least an even keel with last year. Exports, which fell off last year, will probably be still smaller during 1926.

The possibility of dumping by foreign iron and steel makers is the fly in the ointment. It not only holds prices down but prevents the industry from approaching more nearly its capacity of production. The 50 million tons that the industry is equipped to turn out is larger than the normal needs of the country at the moment and becomes increasingly excessive as foreign steel is sold to domestic users. In spite of this handicap, the Steel Corporation has made substantial headway in the reduction of operating costs during the past few years. Faced with the additional menace of foreign competition, further economies in this direction must be effected this year, if the present earning power of the Corporation is to be sustained.

Tremendous Size of Unappropriated Surplus

A flat sum of 25 million dollars has been appropriated out of last year's earnings for improvements and betterments which will reduce operating costs and make it possible for the Corporation to continue its policy of effecting every saving possible. Shareholders who expected an extra slice out of the 42 million dollars net income earned last year and were disappointed when no special distribution was made aside from the "regular extra," may find some comfort in knowing that the balance left over after dividends on the common stock will be used to sustain—if possible increase—the earning power of their company. It is interesting to note in this connection that the Steel Corporation is far from lacking in funds to keep its properties in condition for operations on the most economical basis. It entered the year 1926 with an unappropriated surplus of over 521 million dollars—an amount equal to more than $100 a share on the outstanding common stock.

Considering earning power, past, present and future as the criterion of value, Steel common does not appear to be over valued at its current price on the exchange. Neither does it appear likely that substantial appreciation in value will materialize in the near future. In this respect, Steel common runs true to form as the bellwether of the stock market.

Preferred Stocks

PREFERRED stock prices continued their upward tendency. As will be noted from quotations below, a great number of the sound investment issues carried in the Guide advanced over previous high levels. In the middle grade division, Cuban American Sugar preferred advanced three points. Dodge Brothers and Consolidated Cigar preferred were also in demand at higher prices, and in the public utility division, American & Foreign Power gained two points. When consideration is taken of conditions existing in the investment markets today, the preferred stock section of the list appears to be one of the most attractive media for investment for those who wish an unusual good income, buttressed by values. Returns of 7 and 8% are not yet unusual, and we again suggest to our subscribers investigation of the possibilities for both income and profit afforded by preferred stocks at the present time, as quotations for many good issues are still attractive.

Preferred Stock Guide

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
General Motors Corp....................(c)....	7	115	6.1	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	107	6.5	3.5
Loose-Wiles Biscuit Co. 1st............(c)....	7	114	6.1	2.5
Studebaker Corporation ....(c)....	7	121	5.8	20.00
Schulte Retail Stores Corp............(c)....	8	117	6.8	(w) 10.00
Gimbel Brothers, Inc......................(c)....	7	110	6.4	3.3
Baldwin Locomotive Works ....(c)....	7	114	6.1	3.2
Endicott-Johnson Corp. ....(c)....	7	117	6.0	4.5
American Smelting & Ref. Co. ....(c)....	7	115	6.1	1.7
American Steel Foundries ....(c)....	7	113	6.2	6.7
U. S. Industrial Alcohol Co............(c)....	7	102	6.9	5.2
Associated Dry Goods Co. 1st...........(c)....	6	101	6.0	4.0
Famous Players-Lasky Corp.............(c)....	8	120	6.7	(y) 6.5
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	50	6.0	(w) 6.9
Philadelphia Company ....(c)....	3	49	6.1	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	120	5.8	....
New York, Chicago & St. Louis.........(c)....	6	99	6.1	(y) 3.7
Chesapeake & Ohio conv...................(c)....	6.50	123	5.2	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Bush Terminal Buildings Co.............(c)....	7	101	6.9	1.1
Brown Shoe Co..............................(c)....	7	109	6.4	3.9
Cuban-American Sugar Co................(c)....	7	104	6.7	7.5
Armour & Co. of Del.......................(c)....	7	98	7.1	(w) 2.3
Allis-Chalmers Mfg. Co....................(c)....	7	110	6.4	2.8
Genl. American Tank Car Co.............(c)....	7	104	6.7	4.0
Natl. Cloak & Suit Co......................(c)...	7	90	7.8	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd...........(c)....	3.50	47	7.4	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st.......(c)....	7	107	6.5	2.8
Public Service of N. J. ....(c)....	8	118	6.8	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	69	5.8	(y) 4.75
Bangor & Arcostook ....(c)....	7	100	7.0	2.5
Colorado & Southern 1st pfd...........(n-c)....	4	66	6.1	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Pure Oil Co. conv. pfd.....................(c)....	8	108	7.4	4.2
American Beet Sugar Co...................(c)....	7	78	9.0	1.5
National Department Stores.............(c)....	7	95	7.4	4.0
Austin, Nichols & Co............................	7	91	7.7	1.8
Worthington Pump & Mfg. "A"........(c)....	7	80	8.8	2.0
Orpheum Circuit ....(c)....	8	101	7.9	(w) 3.2
International Paper Co....................(c)....	7	96	7.3	1.75
Dodge Bros., Inc.............................(c)....	7	87	8.1	....
Consolidated Cigar Corp...................(c)....	7	100	7.0	(x) 3.0
American Cyanamid Co.....................(c)....	6	91	6.6	(x) 4.0
Warren Bros. Co. 2d Pfd...................(c)....	3.50	46	7.6	(x)15.0
PUBLIC UTILITIES:				
American & Foreign Power Corp.........(c)....	7	95	7.4	(x) 3.6
Hudson & Manhattan Ry..............(n-c)....	5	73	6.9	(x) 3.6

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
RAILROADS:				
Chicago, Rock Island & Pac.........(5-7%)....	7	99	7.1	(x) 1.35
Gulf, Mobile & Northern................(c)....	6	101	5.9	(x) 1.3
Western Pacific ....(c)....	6	80	7.5	(x) 1.0

(c Cumulative. (n-c) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.

Endicott-Johnson Corp.

New Possibilities In Endicott-Johnson

Has Become Leader in Rubber Soles and Heels—Employees Profit-Sharing Redounds to Benefit of Shareholders.

ENDICOTT-JOHNSON is not a spectacular stock. It is characterized by steadiness of earnings rather than by sudden alternations of prosperity and depression. Common stock has a par value of $50, and pays $5 a year in dividends. At prevailing price of 70, yield is 7.14%.

Steadiness of earning power has given the common an investment flavor. From this viewpoint the principal question is whether the dividend can be maintained. If the rate is practically a fixture there can be no question as to the attractiveness of the stock at prevailing prices. In these days of low yields, 7.14% is to be respected.

Endicott-Johnson is the second largest manufacturer of shoes in the United States. Two towns in New York State are given over to little else than its factories. It has additional properties in Binghamton and St. Louis. It also operates a water works supplying the town of Endicott.

A public stock corporation since 1919, it has shown no considerable changes in gross sales since 1921. In 1925, gross sales advanced merely 5% over 1924. Net operating profit remained the same, but net income after payment of employees profit-sharing and taxes increased 3%.

Common stock in 1925 earned $7.37 a share after making provision for sinking fund to retire preferred stock. In 1924, earnings per share were $6.94, and in 1923, $6.85 per share. As neither 1923 nor 1924 were good business years, such earnings appear to mark the normal minimum that can be expected. Hence, the payment of $5 per share on the common stock is warranted and seems reasonably secure. Consistent additions annually have built up a large profit and loss surplus. This surplus would warrant payment of common stock dividend in any one year in which it was not earned.

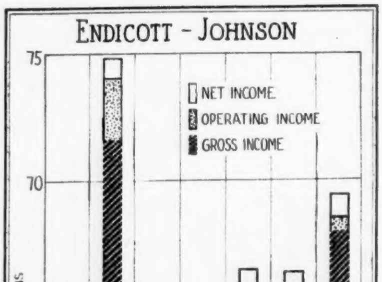
Profit-Sharing Plan

Objection has been voiced to the employees profit-sharing plan on the ground that the amount so disbursed is approximately $2.75 per share of common stock, whereas, if paid out in dividends or incorporated into surplus, it would add to the attractiveness of the common stock. Such criticisms are superficial and overlook the fact that this employee participation is really one of the most potent arguments for holding the stock. The company's labor turnover, with its attendant waste has been considerably diminished. Labor efficiency is now at its peak, since the greater the efficiency of labor, the less the operating costs, and the less the operating costs the greater the profits which can be shared. Not only have profits been enhanced and waste reduced but the menace of labor discontent and strikes has been considerably diminished. Hence, interruptions to earning power, not at all infrequent in the industry, do not threaten the common stockholder of Endicott-Johnson. For a stock bought primarily for income this consideration of continuity of earnings must be paramount.

Change in Financial Position

Working capital position remains at about 22.2 millions, approximately the same as the previous year. Composition of working capital has changed considerably, however. Cash was reduced from 4.8 millions to 3.7 millions; receivables remained about the same, but inventories rose from 15.9 millions to 20.6 millions, a gain of fully 29%. Among current liabilities, an increase occurred in notes payable from 6.0 to 10.0 millions, most of it contracted in the earlier part of 1925. Changes in working capital position indicate that considerable expansion has taken place. This expansion has resulted in full time operation of all plants and considerable overtime production.

It is in these gains in production that the future of the common stock, apart from its attractive dividend yield, is to be sought. The shoe industry has not been prosperous since the great deflation of 1921. A contributing factor has been the increasing popularity of rubber heels, the use of which has become nearly universal. Not quite so important, but rapidly growing, is the use of the rubber sole, owing to which the consumption of sole leather is falling off rapidly.



These rubber soles are not in use merely for sportwear, but increasingly in ordinary street wear, especially in men's shoes. They are lighter and springier than sole leather. Failure to adapt themselves to this changing trend has been the bane of shoe company profits.

Endicott-Johnson has seized the tendency by the forelock. It is today the largest manufacturer of rubber soles in the United States and takes second position in the manufacture of rubber heels. This is an amazing growth as specialty manufacturers, accompanied by intensive advertising campaigns, had pre-empted the field. Rubber plant at Johnson City has been greatly enlarged. Hence, Endicott-Johnson has removed a serious threat to the industry.

Extension of manufacturing line has been another recent progressive step. The firm stands very high in the estimation of its distributors and this dealer loyalty is an important factor in steadiness of company sales. But a hindrance to full exploitation of this dealer loyalty has hitherto been the restricted range of styles. This has been remedied in 1925 by the production of women and children's fine shoes, so that the dealer can supply his major requirements from Endicott-Johnson exclusively.

A minor attractive feature for the common stock is the retirement annually of about 3% of the outstanding preferred stock.

Conclusion

Endicott-Johnson has shown a consistent surplus of earnings over dividend requirements on the common stock. Continued gains in profit and loss surplus and present expansion of business are indicators of increased earnings in the future. Manufacturing changes are progressive, and labor policy constructive. The stock is better than a spec-vestment and is attractive for long-range purposes at present level, around 70.

A Leader in Its Field

Tremendous Hold of Company Indicates Stability of Earning Power—Position of Shares

PARAPHRASING an old saying we might ask, "what is better than a good customer?" The answer, of course, is "two good customers" and in this round—about manner we come directly to the most pertinent factor in the remarkable showing made by the Pittsburgh Plate Glass Company during the past five years. The company during this period has had two good customers, the building industry and the automotive industry. Construction of new buildings, practically at a standstill during the war, suddenly boomed forth in large proportions in 1919 and in every succeeding year the renewed activity in building was responsible for the consumption of a larger amount of plate glass than the fixed capacity of the glass industry was prepared to supply. In the automobile industry, it was both the increased production and the increasing popularity of the enclosed type of motor car that accounted for the heavy buying of plate glass.

The Pittsburgh Plate Glass Company has profited handsomely from the upturn in the demand for its principal product. Although the capacity of the plate glass industry in this country has been increased some 50 million square feet within the past few years, the Pittsburgh company frequently has been compelled to ship glass from its foreign factories to meet the demands of its customers in the United States. With the characteristic foresight of the management, the prospective demand for all kinds of building materials was anticipated in 1920 when the company acquired facilities to manufacture paints, varnishes, cement and other chemical by-products used in the building trades. These miscellaneous products were distributed economically through the well established merchandising division of the company at a good margin of profit. At the present time, the manufacture and sale of plate glass represents only about half of the total value of the Pittsburgh Plate Glass company's outout of materials used in the building industry.

The present productive capacity of the Pittsburgh Plate Glass Company and other manufacturers in the United States is about 150 million square feet, the company being by far the largest single producer. Its factories and a chain of 53 warehouses are strategically located so that the company can efficiently serve the largest building centers of the nation. Wherever Pittsburgh Plate Glass is available, it is usually specified in new building contracts as a superior product of standard quality. With the demand exceeding supply at times, potentially, the company has occupied a dominating position not only in the sale of its glass products but other materials which it is in a position to supply to its construction customers.

In spite of the few clouds that appear to be gathering on the horizon of the building trades in a few of our larger cities, there is every likelihood that the coming years will continue to bring prosperity to the company. It is a national institution and can only be affected to a negligible degree by intermittent slumps in building that might appear here and there throughout the country. Speculative building during the past five or six years has caused a lot of construction work of the more stable type to be postponed. As the speculative builder slows down, building of a more satisfactory character materializes. The prospects for a continued demand for the company's products abroad are also good.

The Pittsburgh Plate Glass Company is capitalized with an outstanding issue of 48.5 million dollars capital stock of $100 par value. It has no funded debt, preferred stock, or bank loans outstanding. Earnings have fluctuated widely as a natural consequence of serving two industries which have increased their use of the company's products to boom proportions during the past few years. In 1923, the company enjoyed the greatest prosperity in its history and showed earnings in excess of $42 a share on the capital stock. In 1924, earnings were $27 a share. No official figures are available which would show the exact amount of earnings per share last year but it is known that the company had a good year. Although the price of its plate glass was reduced about 25% during the summer of 1925, the larger output resulted in operating economies that made a reduction possible without reducing the normal margin of profit to any material degree.

Financial condition is entirely satisfactory with a working capital in excess of 41 million dollars of which over 16 millions consists of cash, government bonds and other marketable securities. Since 1919, in addition to increasing the outstanding capitalization through stock dividends of over 17 million dollars, the profit and loss surplus has grown from around 19.5 million dollars to 29 million.

Pittsburgh Plate Glass Company capital stock is currently selling at around $310 a share on the New York Curb and pays a regular cash dividend of $8 a year with extras in cash or stock at rather frequent intervals; an extra of $5 a share having been declared in the past month. Although the current prices are near the highest level at which the stock has sold during the history of the company, it has a definite speculative investment appeal through the probability of capitalizing surplus in the declaration of a stock dividend or a split up of the present shares.

How Pittsburgh Plate Glass Improved Its Position Since the War

	1918	1919	1920	1921	1922	1923	1924
Capital Stock*	24.5	24.9	36.8	36.9	37.1	48.5	48.8
Oper. Income*	5.5	11.5	21.2	11.0	13.3	24.7	18.1
Earnings Per Share	$11.95	$28.29	$52.30	$18.50	$25.09	$42.16	$27.00
Profit and Loss Surplus*	13.2	19.5	16.3**	20.1	24.7	20.1***	28.9
Net Working Capital*	18.5	24.9	22.3	26.1	30.3	36.5	41.1
Investment in Property*	19.8	19.7	35.9	35.2	35.8	36.7	41.3

*Millions of Dollars. **After $6,154,640 stock dividend. ***After $11,151,050 stock dividend.

"The Watch Dog of the Treasury"*

A SUCCESSFUL corporation controls its expenditures by hiring a "watch dog" to sit over the treasury and growl when raids are made on the money bags for excessive appropriations. The secret of this scheme lies in the fact that the watch dog has absolute authority in deciding what expenditures are justified in the company's business. He can't be approached, threatened or influenced and is responsible only to the President of the company or to the Finance Committee of the Board of Directors. No matter how large or how small the appropriation, he must be satisfied that it is a judicious outlay before the cash is forthcoming.

In the old days, prior to the regime of the watch dog, it was customary practice in corporation management for every department head to OK the expenditures for his own department. Naturally, every department executive considered his division the most important of all. It followed that expenditures to be made in his department were thought to be more essential than an appropriation that some other department head wanted. More often than not, the old system was a pretty inefficient plan for limiting expenditures to where they would do the most good for the corporation.

The average family is much like a corporation. It has its mothers and fathers, sisters and brothers, uncles and aunts; each like the department heads of a corporation consider their own needs for cash more important than the other. A well managed family should take a tip from a well managed corporation and assign some member to act as its "watch dog." This task is usually undertaken by Father himself; but only as a sort of a side line. He isn't a very good watch dog because he does not growl often enough or loud enough and the raids on the family treasury go on in spite of too mild protests from too generous a watch dog. If you want to see the family budget cut down, try this experiment. Select the most thrifty member of your family and assign the task of checking up on all expenditures. It's a lot of fun and besides you will be surprised how little the family spends for how much it gets.

*Second of a series of Editorials on **What Little Business Can Learn from Big Business.**

Budgeting at Middle Age

A New Angle on the Budget Problem Approached from a Thoroughly Practical Point of View

By MRS. CHARLES C. SMITH

THE High Cost of Living put a crimp in our style and made us stop, look and listen, for our system went in for a happy marriage and invested heavily in friendship. Joints begin to creak at middle age, and there is no use straining to the breaking point over one of those saving attempts of youth.

I was 43 and he was 53 when we discovered THE MAGAZINE OF WALL STREET. Perhaps it sounds amazing that we had never delved into the fascinating mysteries of investments in all those years. We had taken out insurance, but for the rest we had traveled extensively and had gotten a lot of kick from helping my husband's mother round out a splendid life of 93 years.

But now that was ended just when your magazine adventured us into our first budget. You encouraged with an idea, new to us, of saving *first* and then living off what was left.

It puzzled us that there were so many budgets that never allowed for the friend of Japan passing through; or the turning up of that woman who cut her only flowers to welcome us, that first night we passed under the stars of the desert. But in one of your editions there was a professor's wife with a human budget that appealed to us. In the first place she had a big travel item. She hadn't one of those budgets that appalled us, allowing $2 a month for the doctor and nothing at all for the entertainment of friends. And I remarked that all the women in the budgets appeared so frightfully robust. They tossed off the tubbing of heavy blankets more easily than I manage my Chinese laundering of pink undies in a hotel bathroom.

We figure there must be people like us, who are old enough to have their children gone, or who have none; people who have the profound need of play at the root of their natures. There must be others like us who need a middle age budget that allows for the accident of living which so often overcomes my husband and me.

We took stock of our savings, and by studying your magazine vigorously, invested all but $1,100 of our $9,381 savings in the bank. The income from this investment we plan to put into bonds we buy on notes. We began to plan for an income at the age of 64, or within the next 11 years. We have a piece of property in the east about ripe to sell for some $2,000, and $1,500 of my money, the income of which my mother needs at the present time.

We own lots on the crest of a hill in California, overlooking the Pacific, lots bought to build on in old age, and which we may be ready to sell now for another thousand, but heretofore they have loaned us mental poise in the dreams of golden splendor they have given through the years.

Our Monthly Budget

Hotel Expense	$155
Food	118
Washing	12
Dry Cleaning	6
Repair Upkeep	5
Magazines and paper	2
Gifts and Charity	26
Amusement	10
Entertainment	20
Club Dues	10
Current daily expenses, personal and otherwise	29
Wife's clothes	45
Husband's clothes	33
Life insurance and taxes	86
Bond payments	20
*Sinking fund	33
TOTAL	$610

* Out of this sinking fund will come our vacations, travel expenses, any heavy accidental expenses, needs of relatives or the upkeep of an automobile if we buy another. We have none now. By means of this fund we keep a flexible budget. It will allow us a little lee-way for living, and if there are some years when we save the $33 a month, so much to the good for our old age.

Our salary is $7,320 a year and certain perquisites in the way of professional services of doctors and dentists, as well as certain good rates of hotels.

Since a woman requires more evening clothes than a man, as well as a fur coat being expensive, and other garments of the female species being more fragile, our budget requires a greater clothes allowance for the wife than the husband. At least we have started out that way, but the years may even things up.

At the end of the 11 years we hope to show something like this in savings:

Paid up insurance..	$7,000
Interest from some of this insurance..	1,460
Original savings....	9,381
Compound interest at 6% of original savings	7,485
Bond savings uncompounded	2,640
Sale price of property and lots......	3,000
Interest at 6% on investment of sale of lots and property	1,260
Total	$32,226

This does not take into account quite all the compound interest through the years, thus giving us an additional sinking fund for accidents or the need to assist relative or friends. But at 6% we should at the age of 64 have an income of about $161 a month, with a few additional thousands in principal coming to us from endowment insurance and inheritance eventually swelling the amount to about $175 a month, and our insurances paid up. In our case there is the very good likelihood of an increase in salary, in which event we plan to save the increase.

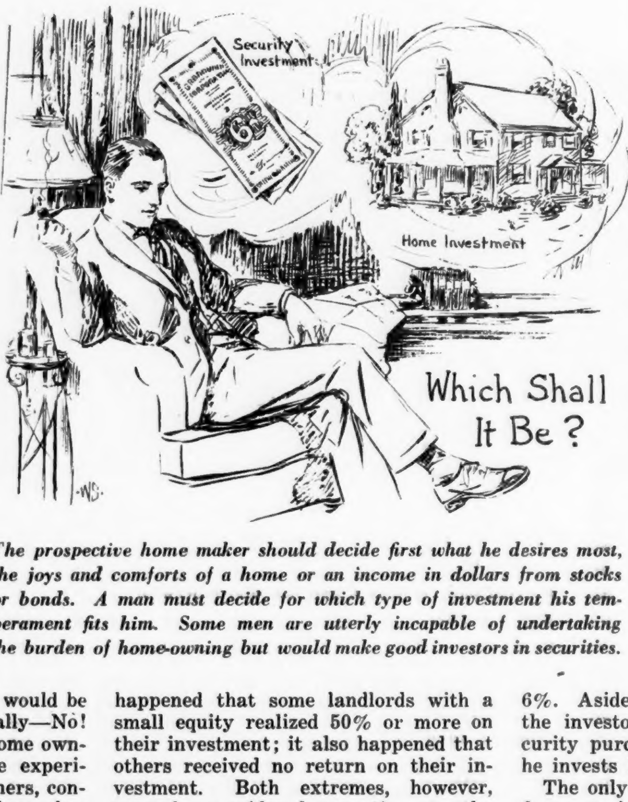
THE MAGAZINE OF WALL STREET has surely taught us the thrilling fact that even waking up at this late day, we may yet with perseverance look forward to a modicum of independence and yet allow our living to swing along with a great degree of joyousness. So far, we have confined ourselves only to the latter.

Does It Pay to Own Your Own Home?

Home Owning Is No Cure-All for Rent Problems but Pays Well as an Investment

DOES it pay to own your own home? With the self-styled authorities in perfect disagreement, at the moment, on this question, it is quite logical that we should turn to the huge mass of evidence submitted by the readers of these columns to find the true answer. To merely publish a row of figures, would not solve the problem. Home owning goes beyond the mere scrutiny of figures which are just as likely to show one thing as another.

For many years, the BYFI Department has presented discussions of practical value to home builders. As a natural consequence, the department has become a veritable clearing house of ideas and practical experiences which carefully analyzed will best answer the question: Does home owning pay?



The prospective home maker should decide first what he desires most, the joys and comforts of a home or an income in dollars from stocks or bonds. A man must decide for which type of investment his temperament fits him. Some men are utterly incapable of undertaking the burden of home-owning but would make good investors in securities.

If the question were asked—is it cheaper to buy a home than to pay rent—we would be inclined to answer categorically—No! But that does not mean that home owning does not pay. From the experiences of hundreds of home owners, contrasted with that of an equal number of renters in a comparable financial position, it is quite clear that over a period of years, the cost of renting and home owning is about the same. That is to say, rents are based on a percentage of the investment in a home. Whether this investment return is received by a landlord or by the owner tenant, the percentage on the average is the same.

When a landlord lets out a home or apartment for rent, he fixes the rents at a figure that will give him a return of from 8% to 12% on his investment. Naturally there is a wide margin for variation between these two figures because conditions vary so greatly in different sections of the country, in different sections of the same city or town and with each individual property let out for rent. When rents were at their peak during the past few years, it happened that some landlords with a small equity realized 50% or more on their investment; it also happened that others received no return on their investment. Both extremes, however, must be considered exceptions to the normal experience. It can be conservatively said, that the normal return over a period of years from the small residential type of property has averaged something around 10% on the investment—substantially more if the increment in the value of the real estate is considered.

Of course, an investment in a home is likely to fluctuate in value in the same manner as an investment in a stock or bond. The value is fixed by supply and demand in any given locality. During the war, most communities fell behind in the normal growth of new homes; consequently existing properties took a rather sharp up-turn in sale value. Some correction has already taken place but no general sharp drop in the value of residential property is probable. What is more likely is that sections which have enjoyed too sharp rises in value will remain stationary for a time. The normal trend of real estate values is upward. The home owner who builds or buys with the idea of making a permanent investment has far less concern over the current movement in real estate values than the speculative builder whose sole aim is to sell out at a quick profit.

So far, we have found two important facts in the home owning problem: first, that on investment in a home may yield a fairly high return in dollars and cents; second, that there is no ground for apprehension by the prospective home owner concerning an extended or drastic decline in real estate values.

For the sake of comparison, however, we must have a standard. An investment in a well secured bond under present conditions will yield a yearly return of between 5½ and 6%. Aside from this income, however, the investor gets nothing from a security purchase. How will he fare if he invests his money in a home?

The only way to calculate the income from an investment in a home is to consider the rental of other comparable properties as the gross income. This, of course, is not the net return from the investment by any means, for you must deduct taxes, repairs, coal, insurance and other expenses in the upkeep of a home that the man who rents does not have to pay. If you plan to mortgage the property, you must deduct the interest on the mortgage. The balance is the income on your investment in the home. While figuring this out on paper, one is apt to come to the conclusion that his return on the investment will be very high. In actual experience, however, the net return will prove to be somewhere between 8 and 12% on the average.

The landlord figures that his money invested in real estate is earning 10% and that he is assuming a "10% risk" due to vacancies, non-payment of rent

by irresponsible tenants or damage to the property by careless tenants. The owner tenant, however, can figure on a 10% return without these elements of uncertainty. Living in the house himself, the investment is sure to pay. His high income consequently is obtained from a safe investment far more certain than the average security investment which pays a lower rate of return. In addition, it has a utility value that no other form of investment has. It provides peace of mind and physical comfort. It makes the home owner independent. His standing in the community is raised as a property owner; his family is safeguarded. As an investment, home owning is a paying proposition.

Choose the location for your home, whether you buy or build, from the standpoint of a man making an investment. Rule number one is the selection of a growing community. In the city, the trend of new building will guide the home seeker. In the suburbs one of the most important considerations is the transportation facilities present or prospective. A growing section offers more definite prospect for increment in the value of the lot on which the house is built. Real estate should grow in value over a period of years at least to a greater extent than the depreciation of the house itself. A growing locality also assures the owner that the rental value of his property will be sustained. When rentals have a tendency to fall, the speculative builder confines his activity to some other section. The normal growth in the demand for homes then soon comes abreast of the supply and the natural growth of the community will raise the rental value of its property.

Should I buy my home now or wait for lower prices? The same question might be asked whether the investor is considering the purchase of a bond or of a home. Speaking strictly from an investment point of view, the answer is make your investment in either a bond or a home when you have the money to invest. To wait for the market to go down is to speculate. The fractional advantage that you might gain by waiting will probably be offset by what you lose while you are waiting and while your money is not earning its maximum return.

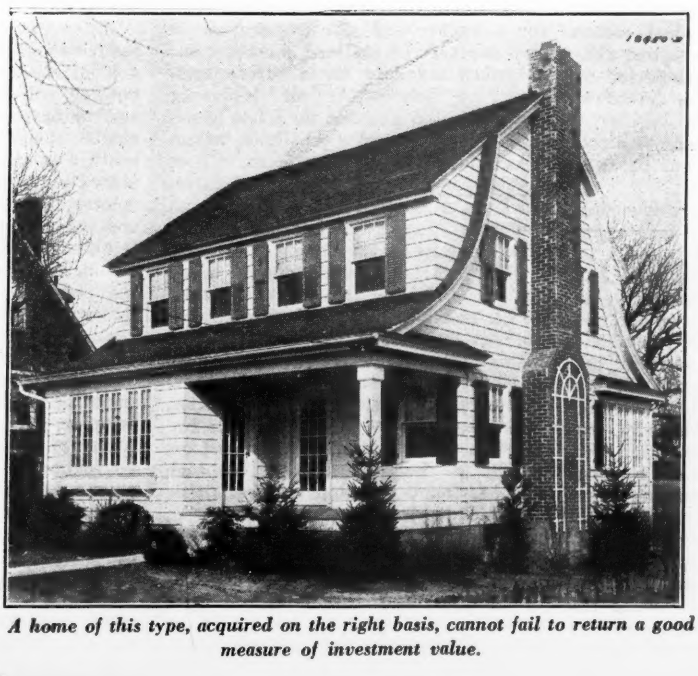
There is a good possibility that building materials may be lower in cost if building operations slow up during the next few years. However, there is no assurance that building operations, taking the country as a whole, will slow up materially. What is more probable is that as construction work slows up in some sections it will increase in others. There is a great deal of building of the more conservative type that has been postponed during the past few years which will be undertaken as soon as the speculative building lets up.

THE BYFI Department answers inquiries concerning home building and is equipped to give unbiased advice and suggestions to the prospective home builder. Our readers are invited to submit their problems to us. If you have a real estate or home owning or building problem write to BYFI. Your reply will be made direct by mail, if you prefer, or will be published if it contains information of general interest.

The cost of building a seven-room house of the suburban type of dwelling with good materials and fittings, tiled bathroom, good heating plant, etc., at the present time ranges from $8,500 to $10,000 not including the cost of the lot. Normally, the price of a new home already built will be approximately the same; sometimes lower. With a fair credit standing at the bank or through a Building and Loan Association you can obtain a loan of from 60 to 70 per cent of the cost of the building on a first mortgage that covers both the house and the land on which it is built. In other words, a comfortable home suitable for a family of moderate size is obtainable through an investment of around $5,000, and the investment is one that will pay well in both dividends and satisfaction.

Editor's Note: This article has been selected for publication because of its practical value to our readers who may be contemplating owning their own home, and because of the widespread interest in the subject of home owning even by those who prefer to pay rent and avoid the bother of caring for a home. The selection of an investment cannot be decided by comparing only the figures pertaining to the several investments contemplated. Such considerations as the temperament of the investor and his ability or willingness to devote proper attention to his investments — often thought to be of secondary importance— should be the deciding factors in choosing the most suitable investment. This, of course, is even more pertinent when an investment in real estate is concerned. The purchase of a home is undoubtedly an ideal investment for the man or woman who is personally equipped to give the home investment the proper attention and who will appreciate the intangible benefits from his home as well as the saving in rent costs. It is not our intention to overlook the fact that there are advantages to renting, nor the fact that certain types of investors can get more satisfaction from other investments.

(Watch for future articles.)

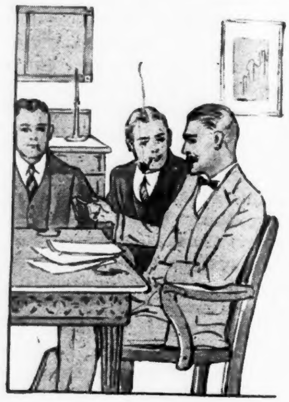


A home of this type, acquired on the right basis, cannot fail to return a good measure of investment value.

Helping Each Other Make Money

How an Investment Club in California is Making a Success of Cooperative Security Buying

By HENRY W. TURK



OUT in California there is a word, remaining from the early Spanish settlers, descriptive of a highway that stretches over a long, steep, and heart-breaking grade — the word "cuesta."

When we formed our little investment club, following the suggestions given from time to time in THE MAGAZINE OF WALL STREET, it seemed most appropriate to call ourselves the "Cuesta Club," to express the feeling that we were on the up-grade together, and to keep in mind the fact that in all probability our road to investment success would not be a royal one, but would be a steady climb, often trying and arduous.

Our club has not been in operation quite a year as yet, but thus far seems to have been misnamed, as we have found the going a great deal easier than we anticipated. Our greatest difficulties appeared during the period of organization, when we were forced to consume the "midnight oil" regularly, getting our Articles of Agreement and by-laws into shape to suit our particular needs.

We have since noticed a wide-spread interest among others who have heard of our club or similar clubs, and who, while they would like to engage in an activity of this kind, have not been able to get started properly, either through lack of information or through entertaining doubts as to the practical operation of a small investment club. We found the articles in THE MAGAZINE OF WALL STREET to be of great help, but each club in process of formation will have its own peculiar problems to solve —we had ours—and, therefore, hope that this account of our experiences, as well as our agreements and by-laws, will be of aid to others in planning an investment club of their own, and provide some valuable hints toward its successful organization and operation.

There are seven of us in our club at present, all friends and neighbors who have known each other for sixteen years or more. Two of our members are women, the remainder are business and professional men. We have made provision for two additional members, but decided from the start to keep our membership below ten to prevent it from getting unwieldy and to keep out inharmonious factors. We felt that the personnel was one of the main factors in a club of this kind, as with a properly balanced membership the club would function even through possible trying conditions, but one member of the so-called "sore-head" type, or one of a jealous or suspicious nature, would be a handicap to an otherwise successful club.

The following vocations are represented in our club: a branch manager for a rubber and tire corporation; a civil engineer on railroad construction; a branch manager for a surety company; a housewife; an insurance broker; a stenographer for a life insurance company; and a wholesale baker. While not an ideal assortment, it does give us the advantage of several different lines of thought and experience, an important factor in judging such a vital thing as an investment.

With the stock market now so broad that it is dealing in over a thousand issues and a long list of different industries, we decided it was too large a task to follow it thoroughly as a whole and have instead segregated it into several of its most important industries, giving each of our members one or two of them to specialize in and report on, trying at the same time to let each member follow the industry that either coincides with his regular occupation or one in which he is particularly interested. This gives each member an active interest in at least some phase of the market, and distributes the work among all the members, instead of, as usually happens, one or two being compelled to carry the whole burden.

This is the way we have arranged it —the civil engineer has the steels and rails; the insurance stenographer (our young lady member), insurance stocks and department stores; the surety bond salesman (our manager), public utilities and real estate; the baker (our secretary), the coppers and oils; insurance broker, building and loan shares, bank and tobacco stocks. All are on the alert to discover and report on developments and investment possibilities in the various fields that they have been delegated to follow. Our "housewife member rounds up the organization by taking charge of the refreshment problems at the close of our meetings, and she happens to be a specialist in that field also.

All questions regarding dues and assessments are subject to a unanimous vote of the seven of us, in order that nothing will be done in that line that may embarrass or place a burden in a single member should he not be in a position to meet them at the time. We placed our entrance fee at one hundred dollars for several reasons, the main one being that of elimination, as we felt that an individual who had not as yet saved a hundred dollars or had that amount available was hardly of the proper caliber to take part in an investment club. It also brought us in, at our first meeting, the sum of seven hundred dollars, which was quite an imposing and encouraging sum to start in with, and gave us the timely opportunity to invest in the capital stock of an insurance company that has since proven profitable.

One item of particular interest is the provision for assessing members in case an unusually favorable investment opportunity is offered at a time when there may be insufficient money in the treasury to finance it, and we may consider it undesirable to cash in any of

our other holdings. This is an elastic provision that enlarges our investment horizon and will help to swell our funds over the five-year period we have been formed to operate.

While all of us are carrying life insurance, we have added a little insurance feature, providing for an immediate payment of one hundred dollars in event of the death of a member. This is designed to cover immediate expenses and may be helpful.

We organized at what appeared to be the top of the greatest bull market on record, and found at the time few favorable investment opportunities. So after extended discussion, we decided to remain out of the market for the time being and let our money accumulate in the savings bank and in building and loan shares until the stock market had reacted to more favorable levels. This situation has actually turned out to be of value to us, as it has taught us the value of patience right at the start, and is giving us an opportunity to study the investment problem, and also the technique and vagaries of the stock market before going in too heavily. It also gives us a chance to accumulate our money while awaiting a real opportunity.

On the other hand, had we started during a bear market, we may have found stocks at attractive levels, but would not have had the money on hand to take advantage of them, and also would not have the knowledge and experience we are now getting to separate the wheat from the tares, and so may have rushed blindly into making undesirable investments. It is certain that before our five-year period has expired the market will have run its customary gamut of advances and reactions, and more than enough opportunities will present themselves to keep our funds busy. So for the time being we are patiently holding on to our insurance stock, building and loan shares, a public utility preferred, and watching our bank account grow.

Our meetings are informal, and are held in the home of one of our members. Relatives and friends are encouraged to attend, as we feel that discussions on investment problems should be of general interest and value. Our secretary prepares, monthly, a paper containing a complete analysis of some good security that may be considered for future investment, an article of investment interest, and an inspirational article that may have appealed to him. Few of our members had any experience with investments before joining the club, but through the club activities they are learning rapidly, and it is our intention to start with an investment course in the near future.

As our funds grow, we are certainly learning the value of cooperation. Our various investments are held in the

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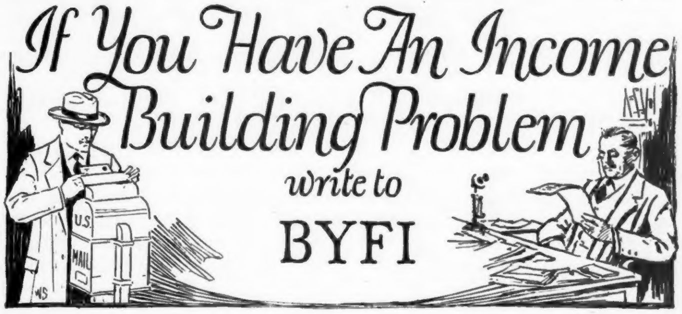


Dear BYFI:

About six months ago my husband inherited some money from his aunt and has been using this money to speculate in the stock market. In this short space of time he has more than doubled his money, and now spends almost all of his time at his broker's office, even neglecting his own business. Some of our friends who know more about the stock market than my husband does tell him that he had better take his profits and get out of the market because the market is too high. I am very much worried and would like to have your frank advice. It know that my husband has a high regard for THE MAGAZINE OF WALL STREET, *and will be greatly influenced by your opinion.—Mrs. S. D. T., Pittsburgh.*

Your husband is making too much money for a man who apparently has no experience with the stock market. While the average price of stocks is high, there are still money making opportunities for the discriminating investor or speculator. However, when a man starts to neglect his own business to trade in stocks, he should get out of the market no matter how high or low the market may be. Our advice to him is to take his profits and invest them in good preferred stocks or bonds.

Dear BYFI:

I have always made it a policy to buy listed bonds because I can sell them readily or loan on them any time I want to, but I have recently considered buying some unlisted bonds and want your advice. I am confident that these bonds themselves are good, and they will give me a little higher return than my listed bonds, but is it not considered poor investment practice to invest in unlisted securities because they are harder to sell before maturity and have no collateral value? I am writing to you because I want an unprejudiced opinion.—J. K. T., Boston.

We do not consider it poor investment practice to invest in unlisted secrities if the securities themselves are suitable to your requirements. As a rule, the more active issues are listed on the Stock Exchange but there are numerous unlisted issues which are more active than many of the listed securities. Bankers prefer to loan money against the collateral of listed securities, but the more active issues which are not listed are accepted as collateral. With all of your investments in listed securities at the present time, we see no reason why you should not place at least a portion of your funds in good unlisted securities.

Dear BYFI:

Every few months I buy a "baby bond" from an investment firm in my city, but think I could do better by buying direct from one of the large houses in Wall Street. My only fear is that I may lose the bonds in sending them through the mails. I read several stories in the New York papers about the large number of securities that were lost or stolen last year. Can you tell me who stands the loss in such cases, the broker or the customer?—S. F., Atlanta.

If your local investment firm is reliable and gives you good service, we see no reason why you would do any better by buying your bonds from a New York firm. The chances are that your local broker clears through some New York house anyhow and has connections which enable him to deal to better advantage than you could. However, there is no cause for worry about losing certificates in the mails. Brokers are insured against loss in making deliveries. If you wish to make sure, doubly sure, have them deliver the securities direct to your bank with a sight draft attached.

Dear BYFI:

I have been planning for the past eight months to start an elaborate saving program, but the more I think about it the more difficult it seems. Can you give me a good suggestion as to how to get started on the road to Financial Independence?—S. T., Newark.

Here is our suggestion for getting started: first, lock your present plans up somewhere out of sight. Take the money that you happen to have in your pocket when you read this and open an account at the nearest saving bank. Put ten or twenty dollars in the bank every week (more if you can spare it) until you have a saving account of $500. Then write to us again and we will make further suggestions.

Bargain Hunting In Insurance

A Plan to Give Immediate Protection and Create an Estate of $18,000 by Paying $400 for 20 Years

By ARTHUR MILLARD

BARGAIN hunting in the insurance field is not a very exciting sport but it has a more comforting reward in dollars and cents gain. Let us assume that Mr. Bargainhunter is a young man twenty-five year of age who has decided that he can comfortably devote $400 a year out of his income for insurance and investment. As he has never bought insurance before and up to this time has not laid aside anything for the future, his first consideration is to obtain the greatest measure of protection for Mrs. Bargainhunter. So he at once turns to insurance. He learns that with his $400 a year he can buy $10,000 worth of 20-year endowment insurance with a good company on a non-participating basis. At the end of twenty years, the company agrees to pay him $10,000 cash with several interesting alternatives. He discusses the proposition with Mrs. Bargainhunter and both agree that the conditions of the policy give them everything that they want—protection and investment.

Then Mr. Bargainhunter sits down and does some rapid calculating. He reflects to himself that the desirability of insurance for protection is unquestionable. But will the policy which he has intended to buy serve two purposes, equally as good as one? Suppose he should select some other medium for the investment end of his program and stick to insurance solely for protection. How would he fare under such a plan?

Upon inquiry he learns that the cost of an ordinary life policy would be $15 a thousand in the same company that issues the endowment insurance at $40 a thousand. There is, of course, no question of losing any security because the same old line company issues both policies. As far as the protection is concerned, Mrs. Bargainhunter will be just as secure with the one policy as she would be with the other. He would save $250 a year which he could devote to the purchase of stocks, bonds, Building and Loan Shares or some other medium of investment and still have $10,000 worth of insurance protection for his family. This $250 a year invested at 6% with interest compounded annually amounts to $8,250 in twenty years. The cash surrender value or loan value of his policy is $2,130 after twenty years making a total of $10,380 which he could obtain in cash as compared with the flat $10,000 that he would receive from the endowment policy. So far the insurance-investment proposition looks O K to Mr. Bargainhunter.

The next consideration is how will his family fare in the event that he should pass away before the period of twenty years. With the endowment policy, of course, the amount of protection is $10,000 in any year during the twenty year period in the event of death. With the ordinary life policy the protection in the event of death is also $10,000, but Mrs. Bargainhunter would receive in addition the investment fund which is building up at the rate of $250 a year plus interest. After ten years this additional protection amounts to $3,250 and in the twentieth year to $8,250. Consequently, should he die at the end of this time his family would receive almost twice as much under the investment-insurance plan as with an endowment policy, both costing the same amount each year.

Two Ways of Using an Annual Appropriation of $400

Net Worth	20-year Endowment	Ord. Life plus Bonds*
Cash value age 35	$3,900	$4,190
In event of death at 35	10,000	13,250
Cash value age 45	10,000	10,380
In event of death at 45	10,000	18,250

*Based on value of policy plus $250 invested annually at 6% interest compounded yearly.

Before definitely making his decision, there are several other things that Mr. Bargainhunter figures out. What will happen if he were compelled to discontinue his annual $400 appropriation at any time during the twenty years? He learns that the endowment policy has a cash surrender value of $3,900 at the end of ten years. Then he compares the other plan and calculates that his accumulating investment fund will amount to $3,350 in ten years and his ordinary policy has a cash surrender value of $840; making a total of $4,190. In fact, in each year he finds that he would be a little ahead on his Ordinary Life should he be compelled through unfortunate circumstances to discontinue either of the two plans.

Now, what would happen at the end of the twenty years, should Mr. Bargainhunter still live? Under the endow-

(*Please turn to page* 865)

BYFI Recommends

Bonds with a high factor of safety, ready marketability and good collateral value:

	Approx. Price	Yield
N. Y. Telephone Co. ref. 6s Ser. "A" '41	108	5.2%
Del. & Hudson 15-year 5½s '37	103	5.1
Bethlehem Steel 1st guar. 5s '42	99	5.1
N. Y. Cent. & Hud. River deb. 4s '34	95	4.8

Bonds with a good factor of safety, fair income, good marketability and collateral value:

American Sugar Ref. 15-year ref. 6s '37	104	5.6
Anaconda Copper 1st 6s '53	104	5.6
Cuba Railroad 1st 5s '52	91	5.7
U. S. Rubber 1st 5s '47	94	5.7

Preferred stocks with ample security, a liberal income return and some possibility of enhancement in value:

Famous Players preferred ($8)	120	6.6
U. S. Smelting & Refining preferred ($3½)	49	7.2
Schulte Retail Stores preferred ($8)	117	6.8
Willys-Overland preferred (7)	98	7.1

Some Signs of Recession

—Prices and Volume of Demand Show Slight Shrinkage from Previous High Levels—

STEEL

Slowing Down This Month

AS generally anticipated, the rate of output of pig iron, steel ingots and semi-finished steel was slightly higher in January than in the previous month, in fact establishing a new record for the first month of the year. Looking ahead, however, we find several indications that activity will slow down, probably for the balance of the first quarter. New tonnage booked during the latter part of January and February was lower than in previous months; railroad buying has proved to be somewhat dissappointing of late and it is now clear that some users of steel bought ahead of their immediate needs in December expecting higher prices after the year ended.

Apparently pig iron makers are anticipating that the lull in buying of steel products may continue for some time and are meeting the situation by closing down blast furnaces. During January, the industry lost at least 10 furnaces; operations in this end of the

(*Please turn to page* 867)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	1926 High	1926 Low	*Last
Steel (1)	$35.00	$35.00	$35.00
Pig Iron (2)	18.00	18.00	18.00
Copper (3)	0.14⅜	0.13⅞	0.14⅜
Petroleum (4)	3.65	3.65	3.65
Coal (5)	2.17	2.17	2.17
Cotton (6)	0.21	0.20¾	0.20¾
Wheat (7)	2.10	1.97	1.97
Corn (8)	0.81½	0.76	0.76
Hogs (9)	0.12⅝	0.11⅝	0.12⅞
Steers (10)	0.11	0.10½	0.10½
Coffee (11)	0.19	0.17⅝	0.19
Rubber (12)	0.98	0.69	0.70
Wool (13)	0.54	0.52	0.53
Tobacco (14)	†0.19	†0.19	†0.19
Sugar (15)	0.04¼	0.04⅛	0.04¼
Sugar (16)	0.05½	0.05⅛	0.05⅜
Paper (17)	0.03¾	0.03¾	0.03¾

*Jan. 30.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full, Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb. †Change from 1924 to 1925 crop.

THE TREND IN MAJOR INDUSTRIES

STEEL—Some evidences of slowing up are appearing, notably a lower rate of booking of new tonnage and a reduction in the number of blast furnaces in operation. Prices will probably hold well to present level.

METAL—Some of the larger producers are curtailing output in order to avoid holding too large stocks at the mines. This action may presage a higher price level before the first quarter of the year is over.

PETROLEUM—Price advances continue for both crude and refined products, with the daily average rate of production now under the lowest level of 1925; no definite prospects of increased output to an extent that might disturb the present price structure.

CHEMICALS—Business is picking up somewhat after an extended dullness during the first month of the year; although most companies could comfortably do a larger business. Good trade through the Spring is generally anticipated.

RUBBER—Opening of the new rubber exchange is expected to lend greater price stability to raw rubber in the future; the speculative element will take up some of the slack between supply and demand; outside market is quiet.

SUGAR—Sugar continues to hold firm as the world demand for the commodity calls for shipments to foreign countries as fast as the crop can be taken in; domestic consumption about the same; foreign demand good.

AUTOMOBILES—That activity in the motor industry took an uptourn with the start of the new year is indicated by gain in January output over December as well as over January, 1925, still too early to ascertain if this output can be maintained.

TEXTILES—Finished cottons in fair demand; preference for printed fabrics and rayon mixtures expected. Heavier demand reported for woolens being shown for Fall but manufacturers inclined to gauge market conservatively.

RAILROADS—Car loadings continue to decrease with a total of 914,904 cars reported for the week of February 6. Largest decreases shown in grains and coal. Substantial gain in loadings likely with peace signed in the hard coal industry.

RETAIL TRADE—Department store sales volume on the whole going ahead of last year but is spotty in some sections on the West coast and in the coal districts. Chain store sales and mail order business generally good.

SHIPPING—Great stability in coastal shipping rates expected to result from present rate conference. Both shippers as well as steamship companies have suffered by the absence of stability in the past.

SUMMARY—Manufacturing activity and jobbers' sales are moving ahead more rapidly than retail sales or actual consumption; this tendency is traceable to seasonal causes, however, and business enthusiasm is generally tempered with caution.

SERVICE SECTION

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—103,292 were replied to in 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

DU PONT

From time to time you have given me good advice on E. I. Du Pont de Nemours stock. I paid 130 for it. In September last you told me to hold on for much higher prices. Do you think it is now time to sell?—C. M. E., Elgin, Ill.

With a profit of about 100 points in Du Pont, and the market in a "spotty" condition with reactions of more or less substantial proportions clearly indicated, it would appear the part of wisdom to accept at least a part of your gains with a view to employing your funds to good advantage in other directions. Du Pont is a meritorious enterprise and is doing well from an earnings standpoint, but the shares are volatile speculative favorites and as such are bound to reflect the general character of the market. Thus, while the issue undoubtedly has speculative possibilities of a long range character it is likely it will be available to better advantage at a later date. Du Pont has tremendous holdings in General Motors and returns from this source cut an appreciable figure in its income account, but it will probably be compelled to divert considerable sums to take care of its expansion program, which may have an effect upon its future dividend policy. We are inclined to believe that better opportunities lie elsewhere. A switch to either Famous Players or American Car & Foundry should result profitably to you.

AMERICAN CAN

I am getting anxious about my American Can. I have 100 shares that cost me about $32 a share. If the advance now is more than a proper discount of the company's favorable position I would like to take my profits. I overstayed my market in Bethlehem Steel and Submarine during the War boom and I do not want to do it again.—L. S. C., Philadelphia, Pa.

Unless you are willing to treat American Can as a long pull proposition and hold regardless of changing market conditions we would advise accepting your substantial profit with a view to repurchasing the stock to good advantage at a later date. American Can is a meritorious enterprise and at the present time is enjoying a substantial prosperity, having earned about $28 per common share on the old stock in 1925, but these internal developments have been reflected in a spectacular advance marketwise, and certainly at levels now prevailing neither the old nor the new stock can be considered undervalued. Semi-official announcements that a dividend in the amount of $2 will be maintained on the new stock hardly constitutes ground for the expectation of materially higher prices. A switch from this issue to National Supply should strengthen your investment position. The finances of the latter company are in excellent shape and earnings are running at an $8 annual rate.

NEVADA CONSOLIDATED

Is there any prospect of Nevada Consolidated stock working into higher levels? I have 100 shares for which I paid 16 in 1923 and I have been holding on ever since hoping eventually to see a copper share market in which I could be able to get a profit.—C. B. W., Washington, D. C.

Nevada Consolidated, in our opinion, has something more than fair prospects of eventually working into higher ground. The situation surrounding this company has vastly improved. Production has been considerably increased, and although copper metal prices remain at an unsatisfactory level lower costs have borne due reflection in income account. In the final quarter of 1925, Nevada earned 44 cents a share, against 29 cents in that immediately preceding, and 26 cents in the fourth quarter of 1924. Final returns of $1.34 a share compare with 83 cents in the preceding year. The proposed amalgamation of this company with Ray Consolidated appears to have encountered a barrier rather high to mount, but its independent showing gives rise to considerable optimism and bears out our prediction of some months ago that this company was in a fair way toward taking on a new lease of life. Without doubt, in the event of a sustained rising copper market the shares will participate to some extent.

FRANKLIN MOTOR

I have read that the H. H. Franklin Manufacturing Company has paid off its bank loans, but I seldom see anything of the company's progress beyond its own reports. What information have you? Particularly, I would like to know the stock market outlook.—W. H. S., Buffalo, N. Y.

Aided by improved trade conditions in the automotive industry in 1925, the H. H. Franklin Manufacturing Company did fairly well from an earnings standpoint, being able to show $4.99 a share applicable to the common stock, against a deficit of over $800,000 in the preceding year. Further than this, on May 25, 1925, all bank loans were paid off and no additional borrowings were necessary in the balance of the year. Taken all in all, last year's showing was the best in the company's history. However, a period of keener competition with a resultant lower margin of profit appears to lie ahead in the

(*Please turn to page* 848)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect

Seventy-Second Lesson

On "Averaging Down"

How This Important Principle May Be Misinterpreted and Misapplied

IN referring to his favorite speculative issue, the experienced trader may say, "It is now time to begin buying this stock, and it may be purchased on a scale down." At some other time, a novice at speculation may remember this statement, and attempt to apply it to a selection of his own. Unless the novice fully appreciates the importance of the *entire statement* as above quoted, his venture may result in disaster, particularly if he ignores the first four words *"It is now time"* and concentrates on the last four words *"on a scale down."*

It is of vital importance to consider this time element. Buying on a scale down is usually for the purpose of accumulating a stock at favorable average price. The object of such buying is not only to keep the average cost as low as possible before the rise which may follow, but also to reduce the original risk of loss in case the buying proves to have been begun at the wrong time. If the trader's entire line of the stock is bought at one time, and the purchase is premature, then the entire line must be resold at a loss, which may be considerable in spite of the fact that it may be limited by a stop-loss order at a level indicating further weakness. On the other hand, if the buying is in small units of the entire line to be accumulated, and the program is found to be premature, fewer shares must be resold at a loss.

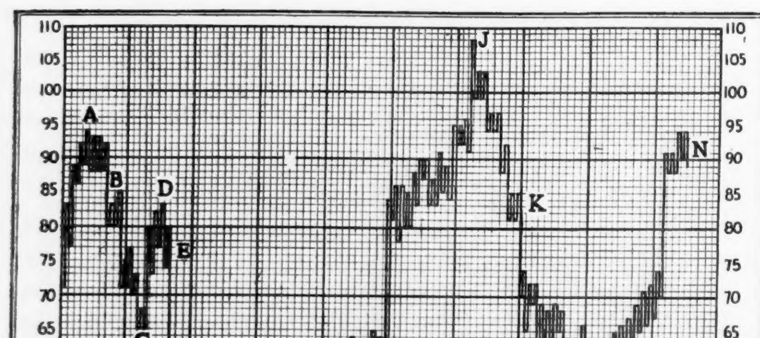
The possibility of disaster to the novice in this connection does not lie in whatever necessity there may be to accept an initial loss owing to the fact that the buying was begun at the wrong time. It lies in the possibility that he may attempt to "argue" with the market, and refuse to admit that he is wrong. If the stock declines after his initial purchase, he may insist that if it was good at 80 it is still cheaper at 70, and if a purchase was justified at 70, another may be made at 60 so as to reduce the average cost. If this argument is carried far enough when stock is being carried on margin, and some unfavorable fundamental developments cause the issue to decline to a low level, which in certain cases has been known to extend to zero, it is easy to see how an account may be wiped out.

Refusal to admit misjudgment of the buying zone, and dogged determination to carry out a program that is going wrong, in violation of all sound principles of trading, is likely to result in the pyramiding of losses, and ultimate disaster. Even if the unfavorable market action of the stock does not force the trader to take a loss, it may result in tying up capital for a considerable period, and in any event the final profit in the operation may be only a small fraction of what might have been obtained with more prudence and patience.

Some of the points we desire to make may be illustrated on the accompanying graph. This shows the price trend of Savage Arms. Only reversals of three or more points are indicated. It is easy to see what might happen to one who began averaging down from such points as A, D or J. Hindsight, of course, makes such a proposal seem ridiculous, but such positions have been taken at times by unsophisticated speculators who have fallen victims to psychological pressure that is sometimes exerted by high-pressure propaganda that is so prevalent at just such times.

For example, suppose our novice begins buying at D, on the apparently logical theory that the stock has recently gained strength, has made new high records for the current move, has received higher support on two reactions, and has just entered new high ground in an upward swing. It may be that the news is all favorable. Suppose he fails to observe the lower support and lower top at E, and further weakness shortly thereafter. In the absence of a properly located stop-loss order, the venture will result in serious loss. Even the ray of hope following the resistance and recovery near F is dissipated with the new weakness at G. It is clear that after the ap-

(*Please turn to page* 857)



Important Changes in Capitalization of Leading Companies

Actual Changes, Reviewed Since Our Last Issue

1925

BARNET LEATHER CO., INC.

Decreased (Nov. 15) Auth. 7% Cum. Pfd. Stk. from $1,500,000 to $1,000,000.

COMMERCIAL CREDIT CO. (of Baltimore)

Sold (July 1) 5½% col. tr., s. f., g. Notes, '35..........$4,900,000

FISK RUBBER CO. (THE)

Created (Dec. 28) new issue of $4,630,300 7% Cum. 1st Pfd. Stk., cv. into 4 shs. Com.

INTERNATIONAL AGRICULTURAL CORP.

Offered to employees (June 1) right to subscribe to Com. Stk. up to shs. 17,067

LOUISIANA OIL REFINING CORP.

Acquired (Aug. 31) paid-up license to own and operate 5 Carleton-Ellis Cracking Units per day in its refinery at Bossier City, La., in exchange for Cap. Stk..........shs. 40,000

Purchased (prior to Sept. 25) the H. L. Hunt Gathering System (collecting 550 bbls. a day from adjoining properties in the Iouann Field, Ark.); together with a half interest in the producing properties owned by H. L. Hunt in that field. (400 proved acres; with 42 wells, having settled production of 1,650 bbls. daily).

NEW YORK, CHICAGO & ST. LOUIS R. R. CO. (THE) ("NICKEL PLATE" System).

Refunded (July 1) pr. ln. 3½s, '25 of a Subs., TOLEDO, ST. LOUIS & WESTERN, with its own rfd. mtg. 5½s, '75, Series "B"..$9,575,000

NEW YORK RAILWAYS CORP.

Organized (Apr. 15), with Auth. Cap. of $300,000 6th Ave. pur. mon. 5s, '70; $50,000,000 pr. ln. mtg. Bonds; $21,000,000 sec. cum. inc. 6s, '65; 184,630 shs. no-par $7 Cum. Pfd. Stk.; and 90,200 shs. no-par Com Stk.—to take over, at Receiver's Sale, the following companies, formerly controlled by NEW YORK RAILWAYS CO.:— 23d ST. RY. CO., BLEEKER ST. & FULTON FERRY R. R. CO., BROADWAY & 7TH AVE. R. R. CO., 6TH AVE. R. R. CO., 42d ST. & GRAND ST. FERRY R. R. CO., 34TH ST. CROSSTOWN RY. CO., and CHRISTOPHER & 10TH ST. R. R. CO.

Under Reorganization Plan:—$12,803,000 Subs. Bonds remained undisturbed, $600,000 were extended, and $1,850,000 were made convertible at face into Broadway Cons. Bonds; $2,000,000 6th Ave. Stk. Rec'd $300,000 6th Ave. pur. mtg. 5s, '70; $3,800,000 pr. ln. 6s, 65, Series "A", were issued for $2,000,000 6th Ave. Stk. and to meet Misc. claims & reorganization expenses; $18,022,198 N. Y. RYS. rfd. Bonds Rec'd $13,877,092 income Bonds plus all Auth. Com.; $5,558,380 income Bonds, together with all Auth. Pfd., were issued to holders of remaining Subs. Bonds & Stks.; N. Y. RYS. CO. Stk. was wiped out.

NEW YORK RAILWAYS PARTICIPATION CORP.

Organized (Feb. 27)—with Auth. Cap. of 18,040 shs. no-par Com Stk. (all Out.)—to take over certain liquidating assets of NEW YORK RAILWAYS CORP.—chiefly non-operating real estate and proceeds from prior sale of same. (To be valid, each Stk. Ctf. must be accompanied by attached Ctf. for 5 times the number of shs. of N. Y. RYS. CORP. Com. Stk. and, reciprocally, each Ctf. for N. Y. RYS. CORP. Com. Stk. must carry attached Ctf. for one-fifth the number of shs. of N. Y. PARTICIPATION CORP. Com. Stk.)

OMNIBUS CORP. (THE)

Owned (Sept. 30) all Cap. Stk. of CHICAGO MOTOR COACH CO., a minority interest in ST. LOUIS MOTOR COACH CORP., and all but 40,679 of the 590,129 Out. shs. of FIFTH AVENUE BUS SECURITIES CORP. Latter Corp. owned all but 44,707 of the 235,000 Out. shs. of NEW YORK TRANSPORTATION CO., which owned all Cap. Stk. of FIFTH AVENUE COACH CO., the operating company.

OIL WELL SUPPLY CO.

Created (Sept. 18) new issue of $7,000,000 7% Cum. cv. Pfd. Stk., and new issue of $15,000,000 Com. Stk. (par $25); which were exchanged for all old Com. Out.

OUTLET CO. (THE)

Organized (Aug. 11)—with Auth. Cap. of $3,500,000 7% Cum. Pfd. Stk., $500,000 6% Cum. 2d Pfd. Stk., and 100,000 shs. no-par Com. Stk.—to acquire all assets of J. SAMUELS & BROTHER, INC., and all Out. Cap. Stk. of the SAMUELS LAND CO.—both at Providence, R. I.—in exchange for $228,567 cash and all Auth. Stk.

PUBLIC SERVICE CORP. OF NEW JERSEY

Popular ownership plan, under first offering of 6% Cum. Pfd. Stk. (Nov. 1 to Dec. 7), resulted in sale, to 5,778 subscribers of..$2,558,300

SENECA COPPER MINING CO.

Incorporated (Feb. 27)—with Auth. no-par Cap. Stk. of 500,000 shs.—as reorganization of SENECA COPPER CORP., then in receivership. Under Reorganization Plan:—old Stockholders were offered right to subscribe, at $6, to $350,000 shs. new Cap. Stk. on basis of 1 sh. new for each sh. old held; $1,500,000 1st mtg. 7s, '33, were left undisturbed, but made convertible into new Cap. Stk. at price of $15. New Co. owns all property of the GRATIOT MINING CO., and 20% of the Out. Cap. Stk. of LAKE MILLING, SMELTING & REFINING CO.

STANDARD OIL CO. OF NEW JERSEY

Offered to employees (Oct. 9) Add. Com. Stk., up to.......$17,500,000

U. S. DISTRIBUTING CORP.

Acquired (Dec. 28), from BURNS BROTHERS, INC., remaining ¼ interest in PATTISON & BOWNES, INC., distributor in the East for anthracite output of the PENNSYLVANIA COAL CO. and the HILLSDALE COAL & IRON CO.—both owned by the ERIE R. R. CO.

UTILITIES POWER & LIGHT CORP.

Increased (Dec. 17) Auth. Class "A" Stk. from 250,000 shs. to 400,000 shs.

VIRGINIA IRON, COAL & COKE CO.

Retired (Feb. 2), at $30, by purchase in open market and from Stockholders, 50% of Out. 5% Cum. Pfd. Stk....................$2,500,000

WHITE MOTOR CO.

Sold (Nov. 20) sec. deb. 6s, '26—'40 of its new wholly owned Subs., THE WHITE MOTOR REALTY CO.—on "when issued" basis.$3,000,000

1926

AMERICAN CAN CO.

Reduced par value of Com. Stk. from $100 to $25 (Feb. 9) and Increased Auth. Com. Stk. from 440,000 shs. to 2,640,000 shs.

AMERICAN CAR & FOUNDRY CO.

Offered, to Com. Holders of record Jan. 29, right to subscribe, at $122, to ⅛ Unit (Composed of 2 shs. "A" and 1 sh. "B") of new BRILL CORP Stk. for each sh. held. (See our Issue of Jan. 30.)

AMERICAN SUMATRA TOBACCO CO.

Receivers made 4th payment (Feb. 1) of 10% (Total of 75% to date) on principal of Out. 5-yr., s. f., cv. 7½% g. Notes and all other undisputed liquidated indebtedness, with 6% interest to date.

AMERICAN WATER WORKS & ELECTRIC CO., INC.

Paid, to Com. Holders of record Feb. 1, a Div. of 2½% in Com. Stk. $308,380

ART LOOM CORP.

Canceled (Feb. 3) 3,810 shs. of 7% Cum. Pfd. Treasury Stk...$381,000

BALTIMORE & OHIO R. R. CO. (THE)

Sold (Jan. 28) rfd. & gen. mtg. 5s, due 2,000, Series "D"...$30,000,000 (part of proceeds to redeem $11,900,000, 6% indebtedness to U. S. Government.)

BARNSDALL CORP.

Offered, to Class "A" and/or Class "B" Holders of record Jan. 25, right to subscribe, at $30, to ¼ sh. Add. Class "A" Stk. for each sh. held $5,535,400

Redeemed (Jan. 29) all s. f., cv. 8s, '30..........$3,733,500

(Funded debt of Co. and Subs. thereby reduced to $1,216,116, except for $25,000,000 deb. 6s, reported in our Issue of Jan. 30.)

BELDING BROS. & CO.

Sold (Jan. 15), on "when issued" basis, BELDING HEMINWAY CO. by 6% Notes, due Jan. 1, 1926 (See our Issue of Jan. 30)....$5,410,000

CHANDLER MOTOR CAR CO.

Merger arranged (Jan. 5) with CLEVELAND AUTOMOBILE CO. through exchange of Stk. with a new Co., "CHANDLER-CLEVELAND MOTORS CORP.", to be organized with Auth. no-par Cap. Stk. of 350,000 shs. $4 Non-Cum. Preference Stk., convertible, sh. for sh., into Com. Stk.; and 1,000,000 shs. Com. Stk. Under Consolidation Plan:—280,000 shs. new Preference Stk. will be exchanged, sh. for sh., for all Out. Cap. Stk. of CHANDLER; and 280,000 shs. new Com. will be exchanged, sh. for sh., for all Out. Com. Stk. of CLEVELAND.

Sold (Jan. 8) at $48, on "when issued" basis, new CHANDLER-CLEVELAND MOTORS CORP. $4 non-Cum., cv., Preference Stk. shs 70,000

Merger declared effective Jan. 25, but time for depositing Stk. extended to Feb. 7.

CHASE NATIONAL BANK and MECHANICS & METALS NATIONAL BANK.

Consolidation voted by Directors (Feb. 11).

DETROIT EDISON CO. (THE)

Increased Auth. Cap. Stk. (Feb. 1) from $85,000,000 to $120,000,000.

FISK RUBBER CO. (THE)

Sold (Jan. 19) 5-yr. s. f. 5½% g. Notes, '31 (For working Cap.) $10,000,000

Reduced (Jan. 27) Auth. 7% Cum. 1st Pfd. Stk. from $24,950,000 to 24,521,900 (Owing to sinking fund retirements).

Paid, to 7% Cum. 1st Pfd., s. f. Stockholders of record Feb. 1, a div. of ¼ sh. new 7% Cum., cv., 1st Pfd. Stk. (in settlement of back dividends) $4,630,300

(Holders who assented to plan by depositing their Ctfs. prior to Mar. 1, also Rec'd $1 cash.)

GENERAL CIGAR CO., INC.

Changed par value of Com. Stk. from $100 to no par (Feb. 3), and Increased Auth. Com. Stk. from 250,000 shs. to 500,000 shs. Also reduced good-will account from $15,000,000 to $1.

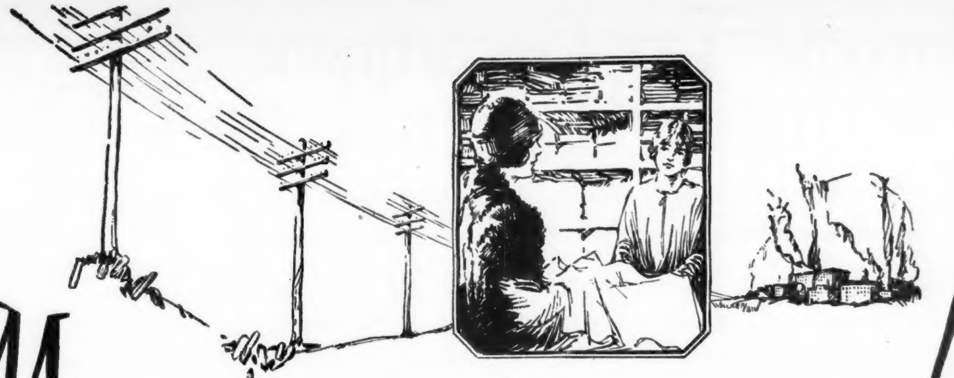
GENERAL ELECTRIC CO.

Sold (Feb. 11) col. tr. s. f. 5s, '56, of its wholly owned Subs., ELECTRICAL SECURITIES CORP..........$1,000,000

HAYES WHEEL CO.

Redeemed (Feb. 1), at 102½, all 1st mtg. Ser. "A" 7s & Ser. "B" 6s, '29 ....$430,000

(*Please turn to page* 874)



Merchandise By Wire!

· the order of Modern Selling

Atlanta Offers YOU

TRANSPORTATION—Eight strong railroad systems. A semi-circle of ports with adequate coast-wise and export shipping.

LABOR—Intelligent, adaptable Anglo-Saxon people, free from the unreasonable attitude which elsewhere has so seriously hampered production and raised costs.

RAW MATERIAL—25 of the 26 industrial minerals in commercial quantity. Cotton, Lumber and other important materials are all close by.

POWER—Hydro electric lines serving the area at rates lower, with one exception, than any other industrial center in the United States.

FUEL—Coal, fuel oils, and wood in good supply at moderate prices.

WATER—Soft, and useful in its natural state.

SITES—Plentiful locations on railroads, accessible to Labor, Power, Water, etc.

WAREHOUSING—Adequate space, well located for reshipment or city delivery.

FINANCIAL RESOURCES—Headquarters Sixth Federal Reserve District. 23 Banks and Trust Companies with resources more than two hundred millions.

OFFICE FACILITIES—Plentiful supply. Rents moderate. Many modern buildings.

COST OF LIVING—Estimated by National Industrial Conference Board 7.5% below average for the country. One of the seven low cities in this respect.

SOCIAL ASPECTS—Schools, churches, hospitals, parks, playgrounds and all recreation excellent. Famous as a sport center—Golf, etc. City of trees, lawns and open spaces.

CLIMATE—Altitude of 1050 feet above Sea Level makes for health. No extremes of heat or cold.

No State Income Tax
No State Inheritance Tax

THIS country has developed beyond the point of patience with long-haul selling methods. The merchandising groups have changed their policies; the producing groups must do likewise—or quit!

No longer can the producer sit many hundreds of miles from his markets, demand six-months delivery datings, and hope to succeed in the face of competition with its branch plants intelligently placed, its salesmen an overnight jump away.

Industry is decentralizing. Sections are being served from close by—and can never again be satisfied with the old long-range methods.

560 nationally known organizations already are serving the South from Atlanta.

Some with branch offices, warehouses, assembly plants—and a number with full-blown factories, busily working to satisfy the needs of a waiting market.

Atlanta is the financial and transportation center of an area that is rich in resources, and growing amazingly. Here industry finds economies in labor, power and raw material costs which no business man can afford to ignore.

Get the facts! The Industrial Bureau of Atlanta is prepared to supply complete and detailed data on which industry can base its decisions. Not a cut-and-dried mass of statistics, but a special, confidential survey—made in each case specifically to answer the questions of each separate company that is interested.

Ask for a special report for your business.

Write to the INDUSTRIAL BUREAU
2302 Chamber of Commerce

ATLANTA

INDUSTRIAL HEADQUARTERS OF THE SOUTH

Income Tax Department

Conducted by

M. L. SEIDMAN

of Seidman & Seidman, Certified Public Accountants

THIS department, which is conducted by Mr. M. L. Seidman, C. P. A., one of the best known tax experts in the country, will be published regularly until the March 13 issue. To further the scope of this department, Mr. Seidman will answer through our columns any questions bearing on the subject. Questions should be addressed to The Tax Editor, in care of this publication. All communications must be signed but names will not be disclosed in the published answers.

STRENUOUS efforts are being made to have the new tax law passed by March 1, so that changes in rates may be effective for 1925 returns, and yet not make it necessary to declare a general extension of the filing date beyond March 15.

The probabilities are that individual extensions of time will be freely granted upon request. However, the Treasury needs the money on March 15 for financing purposes, and is therefore anxious to have as many returns as possible filed on time, accompanied by tax checks. The plan is to release the forms printed under the old law, with revised instructions that will be attached as riders to the blanks.

It looks very much as if the normal tax rates will be reduced from 2, 4 and 6% to 1½, 3 and 5%; also that exemptions will be increased to $1,500 for a single person and $3,500 for a married person. The real controversy centers around the surtax rates and more particularly those on incomes between $24,000 and $100,000.

QUESTIONS AND ANSWERS

Partners' Salaries

Question. Does not the Treasury Department, in failing to permit a deduction for partners' salaries to a partnership, create a double tax?—A. Y. A.

Answer. If the salary were permitted as a deduction, the partners would have to report the salary as income, since all salaries received represent income. Accordingly, the Treasury Department, in failing to permit the salaries as a deduction, but instead considering them as a distribution of profit, does not tax the same income twice, but merely in a different form.

Sale of Stocks

Question. Can you tell me the federal and state tax rates that must be paid on the sale of stocks at the present time?—J. L. C.

Answer. Income from the sale of stocks is taxed at the same rates as other income, except that where the stock is held for two years or more, the tax on such income is limited to 12½% by the federal government.

Bad Debt Losses

Question. I had an open account with a stock broker to the amount of $9,160. This broker failed in July, 1925, and has offered a settlement of 16⅓ cents on the dollar. There is to be a hearing in the District Court of the United States on March 1, 1926, to consider this offer. Having sold the stock in 1925 and made about $9,160, I want to know in making out my income tax return, can I take out $7,664, which amount will be lost through this failure and a loss to me after the payment of 16⅓ cents on the dollar.—D. W.

Answer. To the extent that you definitely determined in 1925 that part of your account with the stock brokers would be lost, to that extent you can claim deduction for a partial bad debt on your tax return. The amount which the stock brokers offered to settle for is one of the indications of how much you definitely expected to lose in 1925. Other factors to be considered are the condition of the stock brokers and the demands made in 1925 by the creditors on the assets of the firm.

Is a Return Necessary?

Question. A trust fund was set aside for the support of a widow and a child. The income from this fund now amounts annually to $550. Aside from this, the widow draws a Civil War pension of $360 a year and has an annual interest from a small bank deposit and mortgages amounting to $248. The actual amount of her income would be $1,158, but for the half of the trust fund which belongs to her child. Are the parties subject to any federal or state income taxes?—S. E. A.

Answer. The total income appears to be $1,158, of which $360 is from Civil War pension. This amount is exempt from all taxes, and accordingly, the net income is less than $1,000. No taxes are therefore payable, nor is it necessary to file any tax returns.

Gifts

Question. If I would give to my son 100 shares of stock at the value of $100 each, would there be any tax charge, and how much?—H. V.

Answer. The value of property received as a gift is not income and will not have to be reported by your son as income. If your gifts during the year amounted to less than $50,000, there is no gift tax on the property donated.

Credit for Dependents

Question. Mr. Jones' mother, a dependent, died on the 20th day of December, 1924. Mr. Brown's baby was born on the 28th day of December, 1924. Which of the gentlemen, if either, was entitled to credit under the dependent section of the Income Tax Law? While these are hypothetical cases, they illustrate actual occurrences and local authorities hold that Brown is entitled to exemption for his baby while Jones cannot take credit for support of his mother who died on December 20, altho funeral expenses were not paid until after January, 1925.—L. E. L.

Answer. The status of a taxpayer on the last day of the year controls his right to claim exemption for dependents. Accordingly, even though it may appear to be very unfair, Brown is entitled to a dependent exemption, whereas Jones is not.

Tax on Income from Investments and Sale of Property

Question. I wish to know what amount of tax must be paid by an unmarried woman, without dependents, whose income is $1,400 from mortgage investments, and who has sold her home at an advance of $4,000.—M. B. B.

Answer. Your total income is $5,400. Since you are entitled to an exemption of $1,000, the balance of $4,400 is subject to tax. Of this amount $4,000 is subject to tax at 2%, or a tax of $80, and $400 at 4%, or a tax of $16, making a total tax of $96. The earned income credit on net income of $5,000 reduces your tax by $20, leaving a balance of tax due of $76.

Income from Liberty Bonds

Question. How much income from Liberty Bonds is exempt from income tax?—J. R.

Answer. All interest on Liberty Bonds is exempt from the normal taxes. In addition, the interest on the 3½% bonds of the first Liberty Loan is exempt as well from surtaxes. The interest on a $55,000 principal invested in the issues of the second, third and fourth loans is also exempt from surtaxes. Interest on these issues in excess of the $55,000 principal is subject to surtax only.

Bad Debts

Question. During the past year a local bank failed. A new bank was organized, with the assets of the old concern, which were purchased from the receiver. Certificates bearing no interest were issued payable over a period of years, to the extent of 60% of the deposits, the balance of 40% to be paid if and when collected. I believe I am right in claiming that the firm on whose letterhead I am writing can deduct their loss, as it is a business loss, but in my case, as I fill out an income tax return of the type "derived from salary," I see no provision made for business losses. While I am a man on salary, about 40% of my income is from interest.—W. R.

Answer. From the facts as stated, it appears that the new bank was organized with assets sufficient to pay only 60% of the deposits, so that the balance of 40% can be written off as a partial bad debt. Such a deduction is permissible under the income tax law. In your case, such a loss is deductible as well, first, as a bad debt, and secondly,

(Please turn to page 842)

INCOME TAX DEPARTMENT

(*Continued from page 840*)

it does result from a transaction entered into for profit. The deposit of money in the bank is a transaction entered into for profit, since interest is received on such deposits.

Expense of Maintenance of Home

Question. I have recently purchased part of a home and have installed electricity and new plumbing, redecorated, etc. I had the roof and gutter fixed. Can I deduct the costs for improvement from my income? Would I be exempt from the amount paid for half of the property? I do not know just what part of the upkeep of a home can be deducted.—A. H. H.

Answer. The costs which you incurred in purchasing your home and improving it are considered investments in the home and are not proper deductions from income. If you derive any income from renting any part of the house, a pro rata share of expenses applicable to that income can be deducted. If the entire home is occupied by you as a residence, no part of your maintenance expense is deductible.

Stock Transaction Records

Question. Do the tax authorities have access to one's stock transaction records, or is the return left entirely to the individual?—A. H. H.

Answer. The tax authorities have access not only to your records, but to those of the stock brokers.

Return Where Exemption Exceeds Income

Question. We have eight children under eighteen years of age, who are dependent upon us. Our average income is usually about $3,500, never more than $5,000 net. Shall we make out the schedule when we know we are exempt? Whom should we write stating the facts or is it necessary to write to anyone?—H. D. E.

Answer. Notwithstanding the fact that you may not be required to pay any tax, you are obliged to nevertheless file an income tax return, since a married person is required to do so when the income is $2,500 per annum or more. This is a matter of law, and no individual connected with the Internal Revenue Department could authorize you to discontinue filing income tax returns.

Profit on Sale of Stock

Question. What would be the approximate 1925 federal tax on a return of about $45,000, of which $30,000 would be in profits accruing from the sale of stock held for the last several years?—J. H. B.

Answer. The income tax on the net income of $45,000 based upon the rates prevailing under the Revenue Act of 1924, would ordinarily be $5,117.50. You mention that of this net income, $30,000 is derived from the sale of stock held for a number of years. If these securities were held for two years or more, the tax on such income is limited to 12½%. The tax in that case would be computed as follows: tax on the net income of $15,000 at regular rates is $647.50. The tax on the $30,000 at 12½% is $3,750, making a total of $4,397.50.

Stock Dividends

Question. I am a director in a corporation and the directors have decided to declare a stock dividend to take care of the profit. Will the amount covered by this stock dividend be subject to income tax, in view of the fact that the stockholders have received no cash on stock?—W. H. G.

Answer. Stock dividends are not income under the federal income tax law, and stockholders who receive stock dividends should not report such items on their federal income tax returns.

Head of a Family

Question. I would like to know if a single person maintaining a home for a sister and himself can claim the head of a family exemption of $2,500.—B. K.

Answer. You can claim the exemption of $2,500 as head of a family. You will also be entitled to an additional exemption of $400 for a dependent person, if your sister is either under 18, or if over 18, is physically or mentally incapable of self-support.

Income on Sale of Stock Dividends

Question. I would greatly appreciate information on the following. In order to properly report the income received from the sale of stock which has been received from a corporation as a stock dividend, how do you arrive at the amount of income to be reported?—W. W.

Answer. Stock which was received as a stock dividend is assigned a pro rata share in the cost of the original stock. In other words, if you originally purchased 100 shares of stock at $60 a share, or a total cost of $6,000, and later received a 50% stock dividend, or 50 shares, you look upon the 150 shares as having cost you $6,000, so that each share of the 150 shares cost you $40 a share. Accordingly, if you sell the 50 shares of stock received as a dividend, their cost is $2,000. The profit, if any, on such a sale is taxable not as a dividend, but as profit on sale of securities, and if the stock has been held for more than two years, the tax on such a profit is limited to 12½%.

Trade Association Dues

Question. Would you advise whether or not it is legal to deduct payments for dues and publicity assessments made by members of a trade association?—M. J. D.

Answer. Such payments are deductible. They are obviously made in connection with the conduct of the member's trade or business. They are hence both ordinary and necessary.

Automobile Expenses

Question. Suppose that I purchase an automobile and use it for business and pleasure. Further suppose that as a fair estimate 50% of the time the car is used for business. Under these circumstances, can I deduct 50% of the cost of the car? Can I deduct the cost of oil and gas?—H. S. D.

Answer. To the extent that your automobile is used in connection with your business activities, the expenses for maintenance of your automobile may be deducted from your tax return. However, the Treasury Regulations require that you keep record of such expenses and only the amount substantiated by your records can be deducted.

Capital Gains

Question. What is the effect of capital gains on the income tax? Kindly advise me fully on this point, and also whether the new Income Tax Bill which is pending in Congress will be subject to the same prevailing law, relative to the two year limit.—F. G. C.

Answer. Capital gains are profits derived from the sale of property which was held for more than two years. The tax on such profits has been limited by law since January 1, 1922, to an amount which cannot exceed 12½% of the profits. In other words, if a taxpayer sold property which he held for over two years and realized a profit, although he might be paying taxes as high as 50% on other income at the regular rates, his tax on this particular profit which is noted as a capital gain, is limited to 12½% of the profit.

Generally, this provision worked to the advantage of a taxpayer where his income in previous years was in excess of $25,000 for the year 1924, and in excess of $35,000 for the years 1922 and 1923. There is a similar provision in the proposed new tax law now pending in Congress.

Reporting Profits from Sale of Stocks

Question. I would appreciate information regarding the handling of profits or losses from the sale of stocks on the individual income tax return for earned income of not more than $5,000.—W. S. H.

Answer. The 1925 individual income tax blanks have not yet been released. Assuming that the blanks are the same as those for the year 1924, if you file your income tax return on Form 1040A, which is the return for income of not more than $5,000, profits from sale of stocks should be reported under item 4, which is "other income." Losses should be deducted under item 8, representing "other deductions permitted by law."

Income from Sale of Real Estate

Question. My net income from business is $4,000. My net profit from selling a piece of real estate is $8,000. My exemptions are a wife and two children, which leaves a taxable income of $8,700. The net income from business is derived from personal services and capital. The computation of the tax is what puzzles me. Can I call the profit on the real estate earned income? Is there a surtax? Kindly work out the computation for me.—E. J. S.

Answer. Income from the sale of real estate is not earned income. Your earned income is limited to $5,000. At the rates prevailing under the Revenue Act of 1924, your tax would be computed as follows: Surtax on $12,700, $27, plus 2% tax on $4,000, $80, plus 4% tax on $4,700, $188, or a total of $295, which, less the earned income credit of $12.50, leaves a total of tax payable of $282.50.

Stocks Bought Prior to March 1, 1913

Question. I own stock in Union Pacific, Southern Pacific, and Republic Iron & Steel Preferred. These stocks were purchased prior to 1913. As I expect to sell some time this year, will you kindly advise the cost price I should use for income tax purposes.—R. A. H.

Answer. For income tax purposes, you should use the cost or March 1, 1913, value of the securities acquired by you prior to 1913, whichever is the greater.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1925		1926		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	High	Low	2/17/26	Share
Atchison	125⅜	90¼	111¼	70	140½	91⅜	139	129	130¾	7
Do. Pfd.	106¾	96	102⅛	75	98	72	96	94⅛	95¼	5
Atlantic Coast Line	148⅛	102½	126	79⅞	268	77	262½	215¼	230	‡7
Baltimore & Ohio	122¼	90⅝	96	88¼	94½	27⅝	95¾	88½	90⅝	5
Do. Pfd.	96	77¼	80	48¼	67¾	38½	69¾	67½	†69⅛	4
Bklyn-Man. Transit	..	..	..	..	64	9¼	69¼	55½	64¼	4
Do. Pfd.	..	..	..	..	83¾	31⅜	86¼	81	85	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	162	146½	157⅜	10
Chesapeake & Ohio	92	51⅛	71	35⅝	130½	46	128½	114½	118¼	4
Do. Pfd.	..	..	..	..	130	96	127	119	†122¾	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	3¼	14½	10⅜	13½	
Do. Pfd.	181	130½	143	62½	76	7	22¼	18¼	19⅞	
Chi. & Northwestern	198½	123	136⅞	35	105	45⅞	81⅞	71	71½	4
Chicago, R. I. & Pacific	..	..	45¾	16	58⅞	19⅛	60¾	48½	49¾	
Do. 7% Pfd.	..	..	94¾	44	105	64	100	99	†99¼	7
Do. 6% Pfd.	..	..	80	35¾	93¾	54	90	86	†88	6
Delaware & Hudson	200	147½	159½	87	160¾	83¼	169½	153¼	165	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	153½	143	149⅞	7
Erie	61¼	33½	59½	18¾	39½	7	40	33¾	36½	
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	45⅝	41½	43⅝	
Do. 2nd Pfd.	89⅛	19½	45⅝	13⅛	46¼	7⅛	43	39	41	
Great Northern Pfd.	157⅞	115½	134¾	79¼	100⅝	50⅝	78⅝	73	74	5
Hudson & Manhattan	..	..	..	..	38⅝	20⅝	39½	35⅛	38⅛	2½
Illinois Central	162⅛	102¾	115	85¾	125⅛	80⅞	124	116¾	117⅛	7
Interboro Rap. Transit	..	..	..	..	39¼	9⅛	39⅝	24⅛	35⅜	
Kansas City Southern	50¼	21⅜	35⅛	13⅛	51	13	49⅝	43⅝	44⅛	
Do. Pfd.	75½	56	65½	40	63¼	40	63	61⅝	†62¾	4
Lehigh Valley	121¼	62⅛	87⅛	50⅜	88½	39½	87	80	81¾	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	143	127¾	132	6
Mo., Kansas & Texas	*51⅛	*17½	*24	*3⅛	45⅛	*¾	47⅛	39⅞	43	
Do. Pfd.	*78¼	*46	*60	*6½	92½	*2	95	90	92¼	5
Missouri Pacific	*77½	*21½	38½	19⅞	41¾	8¼	40¼	34½	35⅛	
Do. Pfd.	..	..	64⅞	37½	91½	22¼	89¼	83⅜	84	
N. Y. Central	147¾	90⅜	114¼	62½	137½	64⅛	135⅝	126½	127¼	7
N. Y., Chi. & St. Louis	109¾	90	90¾	55	183	23¾	181¾	168	168	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	47	9⅝	45¾	40¼	41⅛	
N. Y., Ontario & W.	55⅜	25⅛	35	17	34¾	14¼	28⅞	25	27¼	
Norfolk & Western	119¼	84¼	147⅛	92⅝	151⅜	84¼	157¼	147⅜	150¼	‡7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47⅞	76⅛	71¼	72	5
Pennsylvania	75⅝	53	61½	40¼	55⅜	32¼	55⅛	51⅝	52	3
Pere Markuette	*36½	*15	38⅛	9½	85½	12⅛	86	81	81	4
Pittsburgh & W. Va.	..	..	40⅜	17¾	123	21⅛	119⅜	110¼	114⅛	
Reading	89⅝	59	115½	60⅛	108	51⅞	90¼	84	87	4
Do. 1st Pfd.	46¾	41¼	46	34	61	32⅞	41⅜	40	41⅜	2
Do. 2nd Pfd.	58¾	42	52	33¾	65½	33⅛	41½	40⅛	41¼	2
St. Louis-San Fran.	*74	*13	50½	21	102¼	10¾	101¼	95½	96⅜	7
St. Louis Southwestern	40⅜	18½	32⅛	11	69¼	10⅞	74	64	69¾	
Seaboard Air Line	27½	13¼	22⅜	7	54¼	2⅛	51	43	47	
Do. Pfd.	56½	23½	58	15⅛	51½	3	47¾	43	46¾	
Southern Pacific	139⅛	83	110	75¾	118⅛	67½	104¼	99⅞	101	6
Southern Railway	34	18	36¾	12½	120½	24¾	119⅜	111⅞	115	7
Do. Pfd.	86⅞	43	85¼	42	95½	42	92½	90⅛	91¼	5
Texas & Pacific	40½	10¼	29½	6⅛	70½	14	61⅝	53¾	55	
Union Pacific	219	137¾	164⅜	101¼	154¾	110	150	144	149½	10
Do. Pfd.	118½	79¾	86	69	80	61¼	77¾	74¾	77¼	4
Wabash	*27⅞	*2	17½	7	47¼	6	52	42⅞	47¾	
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	73⅞	17	78¾	73	74½	5
Do. Pfd. B	..	..	32⅞	18	60½	12¼	72	60	†65	
Western Maryland	*56	*40	23	9¼	18⅜	8	16⅝	15	15⅛	
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	24	21	†21	
Western Pacific	..	..	25½	11	40	12	39¼	35½	35½	
Do. Pfd.	..	..	64	35	86½	51½	80½	77½	80⅛	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	32	6	32	25⅞	26¾	
Do. Pfd.	..	..	50⅝	16⅝	53½	9¼	50½	46¾	46¾	

INDUSTRIALS

	High	Low	High	Low	High	Low	High	Low	Last Sale	Div'd
Adams Express	270	90	154½	42	117¼	22	109	103	105½	6
Ajax Rubber	..	..	89⅛	45⅛	113	4¼	16	9¾	13⅝	
Allied Chem. & Dye	..	..	..	..	116⅝	34	142	112	134⅛	4
Do. Pfd.	..	..	..	..	121¼	83	121	120	†121	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	97¼	26½	94½	89⅞	90⅝	6
Do. Pfd.	43	40	92	32½	109	67½	110	109	109⅞	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	34⅝	26¾	30½	
Do. Pfd.	105	90	103½	89⅛	103	18¾	96½	80	†88½	
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	38¾	31¾	33¾	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	34⅜	28¼	28⅞	
Am. Can	47⅜	6⅞	68½	19¼	*297⅜	*21¾	320½	275½	319½	‡5
Do. Pfd.	129¼	98	114½	80	121⅞	72	124¼	121	124	7
Am. Car & Foundry	76½	36½	98	40	*201	97½	114⅞	106¼	107	6
Do. Pfd.	124¾	107½	119½	100	128	105¾	127½	124	126½	7
Am. Express	300	94¾	140½	77½	175	76	140	131	133	6
Am. Hide & Leather	10	3	22⅛	2½	43⅛	5	17½	12⅝	15¾	
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	64¼	59¾	61	
Am. Ice	..	..	49	8⅞	139	37	135¾	125¾	130	‡8
Am. International	..	..	62¾	12	132¼	17	46¾	42⅛	45⅝	
Am. Linseed Pfd.	47¾	20	92	24	113	4¼	87	82	†81	7
Am. Locomotive	74¾	19	98¼	46⅝	144⅞	58	119⅞	103½	107	8
Do. Pfd.	122	75	109	93	124	96½	120¼	118½	119½	7
Am. Metal	..	..	..	..	57⅝	38¾	57⅜	51⅛	56¼	4
Am. Radiator	*500	*200	*445	*235	*345	64	120¾	109¼	120	4
Am. Safety Razor	..	..	..	..	76¾	*3½	63	55	57	3
Am. Ship & Commerce	..	..	..	..	47½	4¾	7¾	5½	7⅝	
Am. Smelt. & Ref.	105½	56⅝	123¾	50¼	144½	29¼	144¾	130¼	136½	7
Do. Pfd.	116¾	98¼	118⅞	97	115¼	63¼	117½	113	†114	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	46⅞	44	44⅝	3
Do. Pfd.	..	..	..	..	113⅛	78	113½	113	113	7
Am. Sugar Refining	136⅝	99⅞	126⅛	89⅛	143⅜	36	82¾	73¾	80	5
Do. Pfd.	133½	110	123½	106	119	67½	104	102	†103½	7
Am. Sumatra Tobacco	..	..	145¾	15	120½	6	14⅜	11	11½	
Do. Pfd.	..	..	103	75	120⅛	22½	†89½	†89½	†89½	
Am. Tel. & Tel.	153⅝	101	134⅛	90⅝	145	92⅛	150¾	142½	149	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1925 High	Post-War Period 1919-1925 Low	1926 High	1926 Low	Last Sale 2/17/26	Div'd $ Per Share
Am. Tobacco	*530	*200	*256	*123	*314½	82⅛	121⅝	114¼	117	8
Do. Com. B	..	..	..	..	*210	81¼	120⅛	113½	116¼	8
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	74	65¾	66⅞	1.20
Am. Woolen	40⅝	15	60⅞	12	169½	34¾	42⅞	33	35	
Do. Pfd.	107¾	74	102	72½	111⅞	69½	89¾	80⅛	82½	7
Anaconda Copper	54⅝	27½	105⅝	24¼	77⅞	28½	51	46⅛	48⅞	3
Associated Dry Goods	..	..	28	10	*140½	46½	54⅞	50	50½	
Do. 1st Pfd.	..	..	75	50½	102	49⅞	102½	101¼	†100	6
Do. 2nd Pfd.	..	..	49½	35	108	38	108	107½	†106½	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	59⅛	44¾	58⅝	2
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	68⅜	55⅛	56⅛	
Do. Pfd.	32	10	74¾	9⅞	76½	6¾	56¼	52	†52	
Atlantic Refining	..	..	..	..	*1575	78½	110	104⅛	106	
Austin Nichols	..	..	..	..	40⅝	8	28	24	25⅛	
Do. Pfd.	..	..	..	..	95	50⅝	93	89⅞	†89	7
Baldwin Locomotive	60¾	36½	154⅛	26⅝	156¼	62¼	136½	108	110	7
Do. Pfd.	107½	100¼	114	90	118	92	114	111	111¼	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37	50¼	44½	45	
Do. 7% Pfd.	80	47	186	68	108	87	105	100⅜	102¾	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	120	115	117⅛	8
Brooklyn Edison Electric	134	123	131	87	156½	82	146½	133½	143	8
Brooklyn Union Gas	164½	118	138¾	78	*128	41	78¾	74⅛	76½	‡4
Burns Brothers	45	41	161½	50	147	76	141¼	129¾	†135	10
Do. B	..	..	..	..	53	17	44	36	42½	2
Butte & Superior	..	..	105¼	12¼	37⅞	6½	16¼	13⅛	14⅛	2
California Packing	..	..	50	30	136½	48¼	179½	129⅛	142	8
California Petroleum	72½	16	42⅝	8	71⅞	15⅜	38⅛	30⅝	35⅝	2
Central Leather	51¾	16½	123	25⅞	116½	9⅝	20½	17½	18⅛	
Do. Pfd.	111	80	117½	94⅞	114	28½	68¾	60¾	65⅝	
Cerro de Pasco Copper	..	..	55	25	67⅛	23	69¼	57½	66½	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	49¼	44¼	†44½	3
Chile Copper	..	..	39¼	11¼	38⅜	7	36⅜	33	34⅞	2½
Chino Copper	50⅜	6	74	31⅜	50⅞	14¾	21½	16¾	21½	
Chrysler Corp.	..	..	..	..	*253	*108¼	54⅞	46½	48⅞	
Do. Pfd.	..	..	..	..	111⅞	100⅛	108	104⅛	†105⅞	8
Coca Cola	..	..	..	..	177¾	18	161½	145⅛	149¾	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	38¼	34½	36	
Columbia Gas & Elec.	..	..	54⅛	14¼	*114⅞	30½	90	83⅛	84½	2.60
Congoleum-Nairn	..	..	..	..	*184⅜	15⅞	21¾	16⅛	19¾	
Consolidated Cigar	..	..	..	..	80	11⅜	66½	58¼	63¼	
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56¾	103½	94½	103½	5
Continental Can	..	..	*127	*37½	*131¾	34⅜	92½	83⅜	85	‡5
Corn Products Refining	26½	7⅜	50½	7	*160½	21½	43⅜	39¾	40	2
Do. Pfd.	98½	61	113½	58⅛	127	96	124⅛	122½	124⅛	7
Crucible Steel	19⅝	6½	109⅞	12¼	278½	48	81½	72	74	5
Cuba Cane Sugar	..	..	76⅜	24⅞	59⅜	5⅝	11½	9⅛	10⅞	
Do. Pfd.	..	..	100½	77¼	87	13⅛	49⅝	43	46½	
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	30⅜	24¼	28⅛	2
Cuyamel Fruit	..	..	..	..	74⅛	44	51	46	46½	4
Davison Chemical	..	..	..	..	.81¼	20⅜	46¾	38⅛	45⅞	
Dupont de Nemours	..	..	..	..	271¼	105	238⅞	216⅛	226	15
Eastman Kodak	*No Sales		*605	*605	*690	70	112⅜	108¼	111	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	79¼	73	77¾	‡5
Endicott-Johnson	..	..	..	..	150	44	72⅝	67½	69½	5
Do. Pfd.	..	..	..	..	119	84	118	114	†117	7
Famous Players-Lasky	..	..	..	..	123	40	120½	103⅛	118	8
Do. Pfd.	..	..	..	..	120	66	123½	116½	120	8
Fisher Body	..	..	43	25	*240	60¼	105¾	93¾	96⅞	5
Fisk Rubber	..	..	..	..	55	5½	26¼	22¼	22¾	
Do. 1st Pfd.	..	..	..	..	116½	38⅛	115	111¼	113	7
Fleischmann Co.	..	..	..	..	*171½	*75	56½	50¾	53	
Foundation Co.	..	..	..	..	183¾	58½	179¾	152	156½	8
Freeport-Texas	..	..	70½	25¾	64⅜	7½	28¾	19⅝	24¾	
General Asphalt	42⅞	15½	39⅜	14¼	160	23	73	62⅝	64⅛	
General Cigar	..	..	..	..	115¼	47	118½	109½	113½	8
General Electric	188½	129¾	187¼	118	337¼	109½	384	323	375	8
General Motors	*51¾	*25	*850	*74½	149¾	*8⅛	131¼	115¾	125½	‡7
Do. 7% Pfd.	..	..	..	..	115	95⅛	115½	113½	†114½	7
General Petroleum	..	..	..	..	59⅛	38⅜	59½	54½	55½	3
Goodrich (B. F.) Co.	86½	15½	80¼	19⅝	93⅜	17	70¾	60⅜	64½	4
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62½	100	96½	†98½	7
Goodyear T. & R. Pfd	..	..	..	..	114⅝	35	109¾	103⅛	106⅝	7
Do. prior Pfd.	..	..	..	..	109	88	106½	105⅜	106½	8
Granby Consolidated	78¼	26	120	58	80	12	23½	18½	21¼	
Great Northern Ore Ctfs	88½	25½	50⅜	22½	52¾	24⅞	27¼	25½	26⅜	1¾
Gulf States Steel	..	..	137	58¾	104⅝	25	93⅜	82½	82½	5
Hayes Wheel	..	..	..	..	52⅞	30	46	42¼	43⅞	3¼
Houston Oil	25½	8¼	86	10	116½	40½	72	64	65	
Hudson Motor Car	..	..	..	..	139⅛	19½	123¼	106½	117½	3
Hupp Motor Car	..	..	11¾	2½	31	4⅝	28⅜	24¾	25½	1
Inland Steel	..	..	..	..	50	31⅛	43½	38½	38½	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22⅛	.26⅞	23¼	25½	2
Inter. Business Mach.	..	..	52⅝	24	176¼	28¾	151½	138	143	8
Inter. Combustion Eng.	..	..	..	..	69½	19⅝	64½	50¼	54½	2
Inter. Harvester	..	..	121	104	149⅝	66¾	134½	124	129⅜	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	12⅜	9½	12	
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	46⅜	37¾	44½	
Inter. Nickel	*227¼	*135	57½	24½	48½	24¼	46¼	41	42¼	2
Inter. Paper	19¾	6½	75½	9½	91¾	27⅞	.63⅜	55⅜	57¼	
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9¾	21½	17	19	
Do. 8% Pfd.	..	..	101	72	110	33	74¾	68¼	†70	
Kennecott Copper	..	..	64¼	25	59¼	14⅝	58⅞	54	56½	4
Kinney (G. R.) Co.	..	..	..	..	103	35½	82⅛	75	†72	4
Lima Locomotive	..	..	..	..	74⅞	52	69¾	60⅜	61¾	4
Loew's, Inc.	..	..	..	..	44¾	10	40¾	47½	38⅜	2
Loft, Inc.	..	..	..	..	28	5⅛	11¼	7	8½	
Lorillard (P.) Co.	*215⅛	*150	*239⅞	*144½	*245	30¼	42¼	35¼	39⅛	3
Mack Trucks	..	..	..	..	242	25½	159	135¼	139½	6
Magma Copper	..	..	..	..	46	26⅛	44⅞	40¾	43⅛	3
Mallinson & Co.	..	..	..	..	45	8	28⅛	24	†24¾	
Maracaibo Oil Explor.	..	..	..	..	37⅛	16	28⅞	24	†24¼	
Marland Oil	..	..	..	..	60⅛	12⅛	60¼	55	58¼	4

New York Stock Exchange
Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1925 High	Post-War Period 1919-1925 Low	1926 High	1926 Low	Last Sale 2/17/26	Div'd $ Per Share
May Department Stores	*88	*65	*97½	*35	*174¾	*60	137⅛	124⅝	124¾	5
Mexican Seaboard Oil	..	..	..	..	34½	5⅜	12⅛	9⅛	9⅝	
Miami Copper	30¼	12¾	49¾	16½	32¾	8	13⅛	11⅜	12¾	1
Montgomery Ward	..	..	..	..	82½	12	82	71¼	77½	
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	93¼	74	87	‡3
National Dairy Prod.	..	..	..	..	81⅞	30⅛	80	62⅛	69½	3
National Enam. & Stamp	30¼	9	54½	9	89½	18⅛	40⅛	33⅛	†33¾	
National Lead	91	42½	74⅝	44	174¾	63½	174¾	163¼	164¼	8
N. Y. Air Brake	98	45	136	55⅞	*145¾	26⅝	44⅝	36⅛	43½	3
Do. Class A	..	..	..	..	57⅛	45⅛	60	55¼	59½	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	45⅞	34	40½	
North American	*87⅞	*60	*81	*38⅞	*119⅛	17⅛	67	63⅛	64	§10%
Do. Pfd.	..	..	..	..	50⅛	31⅞	50⅛	49	50	3
Pacific Oil	..	..	..	..	78½	27½	83⅛	74¼	81¾	3
Packard Motor Car	..	..	..	..	48½	9⅞	43⅜	38	39⅜	2
Pan.-Am. Pet. & Trans.	..	..	70⅜	35	140¼	38⅛	76⅛	65⅜	66¼	6
Do. Class B	..	..	..	..	111¾	34⅛	78⅜	67	68⅛	6
Philadelphia Co.	59¼	37	48⅞	21½	68¾	26½	70¼	63	67½	4
Phila. & Reading C. & I.	..	..	..	..	54¼	34⅛	48⅞	41⅛	46	
Phillips Petroleum	..	..	..	..	69⅝	16	49⅛	42¾	48	3
Pierce-Arrow	..	..	65	25	99	6⅛	43⅛	35¼	37	
Do. Pfd.	..	..	109	88	111	13½	108⅞	94	103	
Pittsburgh Coal	*29⅝	*10	58¾	37½	74⅝	37¼	42½	39⅛	†40	
Postum Cereal	..	..	..	..	*134	*47	124⅞	101	103½	4.40
Pressed Steel Car	56	18½	88¼	17¼	113¾	39	79¾	61	63½	
Do. Pfd.	112	88½	109⅛	69	106	67	95¾	89½	89½	7
Pub. Serv. N. J.	..	..	..	..	87⅞	39	92⅛	79⅜	86	5
Pullman Company	200	149	177	106½	173½	87¼	174	163¼	165	8
Punta Alegre Sugar	..	..	51	29	120	24¾	47	39	44¼	
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	31	28⅝	29	2
Radio Corp. of Am.	..	..	..	..	77⅛	25⅞	46⅝	39⅝	43	
Railway Steel Spring	54½	22¼	78½	19	182	67	57	54	†53½	
Do. Pfd.	113⅜	90¼	105½	75	122	92½	120⅛	119½	†120⅜	7
Ray Consol. Copper	27½	7½	37	15	27½	9⅞	12⅞	11⅝	12⅝	
Replogle Steel	..	..	..	..	93⅛	7⅛	15⅞	12¾	12¾	
Republic Iron & Steel	49½	15¾	96	18	145	40⅛	63⅝	52⅜	54½	
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	92¾	†94	7
Royal Dutch N. Y.	..	..	86	56	123⅜	40⅜	57⅜	52⅝	53½	a1.339
Savage Arms	..	..	119¾	39⅞	108⅜	8⅞	102½	85	90⅞	4
Schulte Retail Stores	..	..	..	..	134⅞	88	138⅛	129¾	131⅝	§8
Sears, Roebuck & Co.	124¾	101	233	120	243	54⅛	241⅞	213½	217	6
Shell Trans. & Trading	..	..	..	..	90⅛	29⅛	48⅜	45⅞	†44½	.96½
Shell Union Oil	..	..	..	..	28⅜	12⅛	28⅛	25⅝	26½	1.40
Simmons Company	..	..	..	..	54⅝	22	54½	51½	52¾	2¼
Simms Petroleum	..	..	..	..	28½	6½	28⅝	23¾	26½	1
Sinclair Consol. Oil	..	..	67⅛	25¼	64¼	15	24½	20½	24	
Skelly Oil	..	..	..	..	35	8⅝	32⅞	29½	31¼	2
Sloss-Sh. Steel & Iron	94⅝	23	93¼	19½	143½	32⅛	136⅛	120	123	6
Standard Oil of Calif.	..	..	..	..	*135	47⅛	62¼	55⅛	58⅛	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	46⅜	43⅛	44½	1
Do. Pfd.	..	..	..	..	119⅛	100⅛	118⅛	116¾	118	7
Stewart-Warner Speed	..	..	*100½	*43	*181	21	92⅞	82⅛	86½	6
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	77¼	72⅞	73½	6
Studebaker Company	49½	15¾	195	20	*151	30½	59⅞	55¼	57½	‡5
Do. Pfd.	98⅛	64½	119½	70	125	76	121	120	†117½	7
Tennessee Cop. & Chem.	..	..	21	11	17¼	6¼	16	13⅜	14⅞	1
Texas Co.	144	74½	243	112	57¾	29	54⅞	50¾	52½	3
Texas Gulf Sulphur	..	..	..	..	121⅞	32⅝	142	119½	135½	8
Tex. & Pac. Coal & Oil	..	..	..	..	*275	30½	19½	16	16	
Tide Water Oil	..	..	225	165	195	5½	39¼	34¼	36⅜	1
Timken Roller Bearing	..	..	..	..	59⅝	28½	56½	53½	54	‡3
Tobacco Products	145	100	82⅝	25	115	45	104¼	95¾	100½	6
Do. Class A	..	..	..	..	110⅝	76½	112	106¾	110	7
Transcontinental Oil	..	..	..	..	62⅝	1¼	4¾	4	4½	
Union Oil of Calif.	..	..	..	..	43⅜	33	46	37¼	41½	2
United Cigar Stores	..	..	*127⅞	*8⅜	*255	42½	97⅞	83⅛	86	§3½
United Drug	..	..	90⅞	64	175⅛	46¼	167	115¾	157	7
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	57¼	56	57¼	3½
United Fruit	208½	126½	175	105	246	95¾	297	236	289¾	‡10
United Ry. Investment	49	16	27½	4¼	41	6	24⅝	20	22	
Do. Pfd.	77	30	49¼	10½	83¼	14	81½	75	†75	
U. S. Cast I. Pipe & F.	32	9¼	31⅞	7⅜	250	10½	210¼	188	198½	10
Do. Pfd.	84	40	67½	30	113	38	104	100⅜	103½	7
U. S. Indus. Alcohol	57¼	24	171½	15	167	35¼	75½	60¾	62	
U. S. Realty & Imp.	87	49⅜	63¾	8	*184½	17¼	71⅞	62½	62¾	
U. S. Rubber	59½	27	80½	44	143¾	22½	88¼	78½	81¾	
Do. 1st Pfd.	123½	98	115¼	91	119⅛	66½	109	106½	108	8
U. S. Smelt., Ref. & Min.	59	30⅝	81½	20	78¼	18⅜	49⅞	45⅛	46½	3½
U. S. Steel	94⅞	41¼	136⅝	38	139¼	70¼	138⅛	128⅛	130	‡5
Do. Pfd.	131	102½	123	102	126⅝	104	127⅛	125⅜	126¼	7
Utah Copper	67½	38	130	48½	111	41⅛	105	96	103	5
Vanadium Corp.	..	..	..	..	97	19⅛	32¾	30¼	32¼	3
Western Union	86¼	56	105½	53⅜	144⅞	76	147¾	134¾	142½	8
Westinghouse Air Brake	141	132½	143	95	144	76	128⅜	116	120⅝	‡6
Westinghouse E. & M.	45	24⅜	74⅞	32	84	38⅞	79½	72	76⅜	4
White Eagle Oil	..	..	..	..	34	20	29⅜	26¼	28⅝	2
White Motors	..	..	60	30	104½	29¼	90	78¾	85⅜	4
Willys-Overland	*75	*50	*325	15	40¼	4½	34	28½	31	
Do. Pfd.	..	..	100	69	123⅞	23	99	91⅛	98½	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	5⅛	4⅝	†4¾	
Woolworth (F. W.) Co.	*177⅞	*76½	*151	*81½	*345	72½	222	197	202⅞	7
Worthington Pump	..	..	69	23½	117	19⅞	44⅜	37⅞	40	
Do. Pfd. A	..	..	100	85⅞	98½	65	80	77	†77	7
Do. Pfd. B	..	..	78⅜	50	81	53⅛	64⅛	60	†63	6
Youngstown Sh. & Tube	..	..	..	..	92½	59⅜	89⅞	80⅝	81	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. a Paid this year.

Securities and Commodities

Analyzed, Rated and Mentioned in this Issue.

STEEL STOCKS

Bethlehem Steel 805
Colorado Fuel & Iron 805
Crucible Steel 805
Gulf States 805
Inland Steel 805
Ludlum 805
Otis Steel 805
Penn Seaboard 805
Replogle Steel 805
Republic Iron & Steel 805
Superior Steel 805
Sloss-Sheffield 805
U S Steel 805, 822
United Alloy 805
Vanadium 805
Youngstown S & T 805

MINING STOCKS

Ahumada Lead 806
American Smelting 806
Anaconda Copper 806
Butte & Superior 806
Cal & Arizona 806
Cerro De Pasco 806
Chile Copper 806
Dome Mines 806
Granby 806
Greene-Cananea 806
Homestake 806
Howe Sound 806
Inspiration 806
International Nickle 806
Kennecott 806
Magma 806
Miami 806
Nevada 806, 834
Ray 806
St. Joseph Lead 806
U S Smelting 806
Utah Copper 806

MERCHANDISING STOCKS

Associated Dry Goods 807
Gimbel Bros. 807
Kresge S. S. 807, 850
Kress, S. H. 807
Macy, R. H. 807
May Dept. Stores 807
McCrory 807
Montgomery-Ward 807
National Cloak & Suit 807
Nat'l Dept. Stores 807
Sears-Roebuck 807
United Drug 807
Woolworth 807

MOTOR STOCKS

Chandler Motor 808
Chicago Yellow Cab 808
Chrysler Corp. 808
Dodge Bros. 808
General Motors 808
Hudson Motors 808
Hupp Motors 808
Jordan Motor 808
Mack Trucks 808
Moon Motors 808
Nash Motors 808
Packard Motors 808
Paige-Detroit 808
Pierce-Arrow 808
Studebaker Corp. 808
Willys-Overland 808
White Motor 808

MOTOR ACCESSORIES

American Bosch 808
Continental Motors 808
Eaton Axle & Spring 808
Electric Storage Battery 808
Fisher Body Corp. 808
Hayes Wheel 808
Kelsey Wheel 808
Martin-Parry 808
Motor Wheel 808
Reynolds Spring 808
Spicer Mfg. Co. 808
Stewart-Warner 808
Stromberg Carburetor 808
Timkin Roller Bearing 808

TIRE STOCKS

Ajax Rubber 809
Fisk Rubber 809
Goodrich B F Co. 809
Goodyear T & R Co. 809
Kelly-Springfield 809
Lee Tire & Rubber 809
U S Rubber 809

OIL STOCKS

Associated Oil 810
Atlantic Refining 810
Barnsdall "A" 810
California Petroleum 810
General Petroleum 810
Houston Oil 810
Maracaibo 810
Marland 810
Mexican Seaboard 810
Mid-Continental Petroleum 810
Pacific Oil 810
Pan-American "B" 810
Phillips Petroleum 810, 851
Pure Oil 810
Royal Dutch (N. Y.) 810
Shell Union 810
Sinclair Consolidated 810, 850
Simms 810
Skelly 810
Superior 810
Standard Oil of California 810
Standard Oil of N. J. 810
Texas Co. 810
Texas & Pacific C & O 810
Tidewater 810
Transcontinental 810
Union Oil of California 810
White Eagle 810

MANUFACTURING STOCKS

Advance Rumely 811
Case, J. I. Co. 811
Chicago Pneumatic Tool 811
Emerson-Brantingham 811
Fairbanks-Morse 811
General Refractories 811
Hoe R & Co. 811
Ingersoll-Rand 811
International Business Machine 811
International Combustion 811
International Harvester 811
U. S. Hoffman Machinery 811
Worthington Pump 811

EQUIPMENT STOCKS

Allis-Chalmers 811
American Brake Shoe & Foundry 811
American Car & Foundry 811
American Locomotive 811
American Steel Foundries 811
Baldwin Locomotive 811
General American Tank 811
General Electric 811
Lima Locomotive 811
National Supply 811
N. Y. Air Brake 811
Oil Well Supply 811
Pressed Steel Car 811
Railway Steel Spring 811
Westinghouse Air Brake 811
Westinghouse E. & M. 811

RAILROADS

Atchison 815
Atlantic Coast Line 815
Central R. R. of N. J. 815
Delaware & Hudson 815
D. L. & W. 815
Erie 815
St. Louis & S. F. 815
Lehigh Coal & Nav. 815
Lehigh Valley 815
N. Y. O. & W. 815
Norfolk & Western 815
Northern Pacific 815
Southern Pacific 815

PUBLIC UTILITIES

Brooklyn-Manhattan-Transit 819
Brooklyn-Queens Co. & Suburban 819
Interborough Rapid Transit 819
New York Railways 854
Third Ave. Ry. 853
23rd St. Railway 854

COMMODITIES

Corn 876
Cotton 876
Metals 868
Steel 833
Wheat 876

INDUSTRIALS

American Sugar Refining 820
American Cab 834
Cuban-American 821
Cuban Cane Sugar 821
Cuba-Dominican 855
Endicott-Johnson 824
DuPont 834
Franklin Motor 834
Famous-Players 834
Giant Portland Cement 866
Hercules Powder 848
Manati Sugar 855
Punta Alegre Sugar 856
Pittsburgh Plate Glass 825
Phelps-Dodge 867
Pacific Steam Boiler 872
South Porto Rico Sugar 856

ANSWERS TO INQUIRIES

(*Continued from page* 834)

industry, and although the immediate outlook is good, in the course of time the company may suffer some contraction in profits. On the basis of Franklin's showing to date, and with due consideration given its visible prospects for the future, we would say that the stock is selling high enough. A switch to California Petroleum, which has a rather bright outlook ahead, should prove to your advantage.

HERCULES POWDER

I would appreciate your advice. I have some Hercules Powder Company stock that I bought for 122. Do you think the dividend is likely to be raised? I notice the earnings in 1925 were $15.84 a share against $10 in 1924.—C. R. B. St. Louis, Mo.

A rather interesting situation appears to exist in regard to Hercules Powder. Aided by the building boom enjoyed throughout the country, as well as increased mining activities, Hercules Powder has been able to show a considerable increase in both gross sales and net income. Thus, net of $15.84 per common share in 1925 compares with, roughly, $10 in the preceding year. The immediate outlook is optimistic. Although building activities have shown some signs of slackening, as yet there has been no decided let-up, nor does one appear in prospect. The finances of this company are in sound shape, and inasmuch as it might be expected to give a good account of itself from an earnings standpoint in ensuing months, it would appear that stockholders are justified in looking for either a dividend increase or an extraordinary disbursement of some sort. While this has been partly discounted in the recent advance in the market valuation of this stock, its entire possibilities do not appear exhausted.

FAMOUS PLAYERS

About two years ago I bought 50 shares of Famous Players at 73 and I am tempted to sell it now around 115. Do the earnings and outlook justify much higher prices?—G. A. C., Brooklyn, N. Y.

Our best opinion of the situation surrounding Famous Players is that the earnings and prospects justify higher prices for the stock. As a matter of fact, based on the record of this company to date, the stock appears conspicuously undervalued. For the nine months ended September 26, 1925, Famous Players reported a balance of earnings equal to $12.60 a share on the common, against $10.33 in the same period of the preceding year. However, the busiest and what is generally the most profitable quarter is yet to be heard from, and if the performances of the past are to be accepted as a gauge, it is quite likely that the 1925 returns will compare favorably with those of recent years. Lately the stock

(*Please turn to page* 850)

THE GILLETTE SAFETY RAZOR COMPANY

ANNUAL REPORT 1925

BOSTON, FEBRUARY 9, 1926.

TO THE STOCKHOLDERS:

Your Directors take pleasure in presenting the Annual Report of the Company's operations for the year 1925, together with a series of graphic charts which indicate the progress that has been made in recent years.

EARNINGS

The net earnings of the Company for the year 1925, including Subsidiaries', as given below, are after ample reserves for taxes, depreciation and all property charges:

1925—$12,089,857..........after taxes, reserves, etc.
1924— 10,122,473..........after taxes, reserves, etc.
1923— 8,411,776..........before taxes, reserves, etc.
1922— 7,602,939..........before taxes, reserves, etc.

Compared with the earnings of 1924 these show an increase for the year 1925 of $1,967,384.

DIVIDENDS

During the year 1925, dividends totaling $3.50 per share were paid on the Company's two million (2,000,000) shares, the dividend rate being increased in September from $3.00 per annum to $4.00 per annum.

FINANCIAL

A reference to the Company's Balance Sheet on pages 4 and 5 will indicate that your Company maintains a strong cash position, with small current liabilities.

SALES

The Company's sales for the year under review, including Subsidiaries', were 14,862,098 Razor Sets and 52,983,533 packets Extra Blades (10's). These sales indicate a steady increase in the distribution of the Company's products.

Your Company's branch offices and agencies throughout the world have worked efficiently during the year on the problem of increasing their distribution, and the readjustment of exchange rates in many foreign countries has enabled us to realize a better return on sales.

To further stimulate distribution in Central and South Eastern Europe, a new Subsidiary has been organized at Vienna and closer supervision of that territory will follow through this new Company.

MANUFACTURING

The Company's manufacturing plants at Boston, Montreal and Slough, England, have been operated on a high standard of efficiency and, despite heavy demands upon their capacity, quality has been rigidly maintained and costs lowered.

To meet the steady growth of the Company's business your Directors have approved the Management's plans for two new factory additions in Boston, and the buildings are now under construction.

One building is to furnish adequate facilities for an economic razor production of 100,000 per day and for proper handling of our various products, such as surgeons' knives, carpet wires, textile edges, etc.

The second building will enable your Company to increase blade production from 2,000,000 per day to 3,000,000 per day.

REAL ESTATE

In previous reports your Directors have referred to the advantageous purchases of land adjoining the Boston plant to insure the Company's future development. The new buildings referred to in this report are being erected on this property, leaving ample space for further expansion.

GENERAL DEPARTMENTS

The general departments of the Company's business have co-operated to the fullest in the various activities of the year 1925, and the Management is convinced that this spirit of co-operation has been an important factor in achieving the results reported herein.

CONCLUSION

The Company's operations for the year 1925 have been most satisfactory and your Directors and the Management face the future years with confidence in the ability of your Company not only to meet its problems but to further strengthen its position in the markets of the world.

It is a pleasure for your Directors to again pay tribute to the energy, zeal and enterprise displayed by the Management and the Gillette organization which resulted in the many accomplishments of the year 1925.

SUBMITTED ON BEHALF OF THE DIRECTORS,
J. E. ALDRED, Chairman.

THE GILLETTE SAFETY RAZOR COMPANY

ASSETS

December 31, 1925

Cash	$5,242,619.51
Accounts Receivable	9,101,988.82
Acceptance Receivable	675,834.08
Notes Receivable	34,922.27
Inventories	6,931,294.04
Investments,—Subsidiary Companies, etc.	9,179,904.63
Real Estate and Buildings	4,403,191.48
Machinery and Tools	3,843,969.77
Patents	3,439,500.00
Deferred charges	174,013.83
	$43,027,238.43

LIABILITIES

December 31, 1925

*Capital Stock and Surplus	$39,099,863.89
Reserves	3,803,374.82
Foreign Drafts Discounted	19,783.84
Accounts Payable	104,215.88
	$43,027,238.43

*Represented by 2,000,000 shares of Common Stock having no par value.

RAZOR SALES, INCLUDING SUBSIDIARIES', 1920-1925

1920	2,090,616
*1921	4,248,069
1922	3,420,895
1923	7,798,781
1924	8,438,576
1925	14,862,098

*Increase due largely to "stocking up" of the NEW IMPROVED and Brownie Razors.

EXTRA BLADE SALES, INCLUDING SUBSIDIARIES', 1920-1925

PACKETS—TWELVES

1920	1),051,268
1921	19,531,861
1922	24,082.970
1923	29,061,634

PACKETS—TENS

1924	42,604,498
1925	52,983,533

NET EARNINGS, INCLUDING SUBSIDIARIES', 1920-1925

1920	$6,803,407
1921	7,008,564
1922	7,602,939
1923	8,411,776
1924	10,122,473
1925	12,089,857

(*Continued from page* 848)

has given some evidences of emerging from the rut in which it has long traveled. We believe it would be advisable to maintain your present position with a view to developments.

SINCLAIR OIL

Please tell me if I am doing right to hold my shares of Sinclair Oil which I bought at 37 and have held through the long reaction which carried the stock below 20.—G. I. J., Chicago, Ill.

The earnings record of Sinclair Consolidated Oil over a period of recent years has been highly irregular, and the rise and fall in net return has been reflected in erratic price movements in the stock market, thus placing the preferred as well as the common in a speculative position. At various times the dividend on the senior shares has not appeared to rest on a solid foundation. However, it would be folly to ignore the fact that there has been a decided upturn in the affairs of this company. Finances have been considerably improved and aided by increased output and higher oil prices the company has been able to report a heavier volume of earnings. Thus, estimated earnings of around $3 a share on the common, before write-offs, compare with a heavy deficit in 1924. In view of the improved outlook for the oil industry in general, Sinclair might be expected to make a fair showing in the months to come. While Sinclair can hardly be viewed in the light of an outstanding opportunity, it would undoubtedly participate in a rising oil market. We believe it would be well to exercise some further patience and continue to hold the stock.

S. S. KRESGE

I am a small stockholder in S. S. Kresge & Company, having had 10 shares of old stock which I bought outright in 1923 at $285 a share. Would you advise me what to do? The 100 shares I have now average me $28.50 a share and I can sell for $5,000 profit.—C. O. M., Trenton, N. J.

Your foresight in purchasing Kresge at 285 is worthy of commendation. The results you have achieved bear out our contention that where the promise of the future is sufficiently bright, it is well to hold securities regardless of temporary market fluctuations. However, Kresge has advanced to a point where sober reflection is in order. Of course the record of this company over a period of years has been remarkable, to say the least, and the same augurs well for the future, but when one takes into consideration the fact that earnings in the late year were hardly above $3 a share on the new stock to be outstanding, it will readily be seen that around current levels the stock is selling to discount something of the prosperity of the future. We cannot see where an outstanding opportunity for profit exists. The wisest course would be to switch to an issue with clearer defined prospects. Great Northern preferred in the rail group, and Youngstown amongst the industrials appear to have superior profit possibilities.

PHILLIPS PETROLEUM

Should I continue to hold Phillips Petroleum? It cost me 41 and I bought it at your suggestion. Your advice on Marland at 40 worked out so well I am disposed to follow your recommendation.—R. J. L., Boston, Mass.

In our opinion it would be the part of good policy to continue in holding Phillips Petroleum with a view to market appreciation. You have already employed considerable patience in your ownership of this stock and, on the face of things, it would appear regrettable that you dispose of your holdings now that a ray of light presents itself. The situation as it exists today appears optimistic. Trade conditions in the industry have vastly improved, a decline in production being followed by a hardening in oil prices. Phillips has a better than average earnings record under adverse circumstances and inasmuch as it is in sound financial condition it should give a very good account of itself in ensuing months. We believe that some further patience on your part will bring its own reward.

FINANCIAL BUBBLES OF THE PAST—AND FUTURE

(*Continued from page* 801)

breakdowns are known even today. But in the United States, whatever the defects in the reserve system, it undoubtedly would take the starch out of a currency panic, so that the effects could scarcely rival that of 1837.

Real estate inflation still remains an active source of danger, but it is more pertinent to enquire whether our age has not some special possibility, all its own, which could be as effective for evil as for good. To the writer it seems that some such feature is inherent in the tremendous development of the securities market.

The Country Concentrating in the Stock Market

In former times, only railroads and mining securities were prominent on stock exchange lists. Hence, a panic was confined to one or two sections of the nation's business. Other securities were few and far between. Nine-tenths of business was carried on by individuals or partnerships.

In the twentieth century, however, a corporate tendency set in. During and after the war it has become dominant. A building was once merely a real estate parcel; its bonded debt is now a part of "Wall Street." Chain stores have brought the retailer into the Stock Exchange. All industrial operations are represented and have far surpassed the rails. Public utilities have also surpassed the rails, and they are leaders in the "Street." Unlisted markets are beginning to be organized for every conceivable certificate in every conceivable type of enterprise. Bank stocks are now familiar as exchange-

able securities where once they were family heirlooms. Mergers and expansions can be financed in large amounts only by one source.

The country is being capitalized, and certificates of its capitalization are being made exchangeable. Hence, we are approaching that ideal state where every title to every piece of property in the country will have an immediately ascertainable market value. This is a perfect economic state, because the supply and demand factors will not be hampered, but operate with freedom. Financing national growth will then become automatic. The country can grow much faster than is the case where the buyer and seller of credit have to find each other, and make individual adjustments.

Greater Concentration Means Less Stability

But great as the advantages of this capital concentration are, so also are its potentialities for weakness. In a crude country, where economic activities are carried on in almost watertight compartments, there is much going loss, but it is also true that a breakdown in one activity does not necessarily herald a breakdown in others. Only where the common nexus of all business—currency—is affected, does such a primitive community face a panic.

On the other hand, we are tending to the state that France reached in 1720 under Law's scheme. With him all economic life was centered in one street. When that went, France had no reserves. With us all economic life is centered also in one street. When the producing wealth of the country represented in this one spot crashes, where is the unaffected region to be found? From what unhurt sources will the wounds of the economic system be dressed?

The Danger

In the old days we had Europe to rely on. When in 1907 our currency system sagged we could call upon London, Paris and Berlin and relief was forthcoming. Not so today. A crash in the stock market with all the collateral loans menaced, would lead to a shrinkage of values on an unprecedented scale. Those with ready cash, as usual, would provide the cushion by buying. But those who lost might be at a disadvantage, from which recovery might be extremely difficult even in a lifetime.

Had we retained our simple corporation and stock organization of 1900, then the removal of currency weaknesses would have left unbridled land speculation as our only serious menace. But to pour the capital of the country into one street, strains the new currency system as much as the formerly diffused wealth strained the more primitive currency system of the past. This then is the possible source of a future panic, even though no signs of it are visible as yet.

NEW YORK TRACTIONS STAGE A REVIVAL

(*Continued from page* 819)

cipal ground for hope. Paving charges and bus franchises are not part of the attraction because Interborough has no surface lines. It is expected to obtain a 6 million dollar extension of the Forty-Second Street Subway with moving platforms, an extension of its subway lines into Flushing, and above all, the new West Side subway, to cost 70 millions. In view of its great profits on subway operations, these subway extensions should counter-balance losses on the elevated. Agitation for the tearing down of the Sixth Avenue elevated may give Interborough a strategic position in its struggle with the city. Manhattan Elevated has a perpetual steam railroad franchise, not subject to ordinary public utility limitations. It has the right to charge a higher fare, were it not for the terms of the Interborough lease. Modification of the lease may thus become part of the consideration for tearing down the Sixth Avenue "El," as well as the receipt of an adequate consideration for the structure and franchise.

Interborough can be expected to show better earnings in the future on the basis of a larger proportion of subway earnings. Nevertheless, at 37 it remains one of the least attractive six securities from a speculative viewpoint.

THIRD AVENUE RAILWAY
(Adjustment Mortgage Income 5s of 1960)

These bonds enjoyed a spectacular rise to 65, and then receded to 59. Nevertheless, they appear more attractive than many tractions that have sustained their gains. Third Avenue operates all the surface lines in Bronx and Southern Westchester, and many of the most important surface routes in Manhattan. Various concessions such as abolition of paving assessments, franchise taxes, etc., would greatly enhance the position of these bonds, even without bus franchises or fare increases.

For Third Avenue the principal attraction consists of bus franchises, the possibility of which is very great. The company has not extended its trolley lines where they are badly needed, thus leaving large sections of the Bronx with poor transportation facilities. Since franchises to the use of certain streets are exclusive, no independent bus systems can be maintained. Hence, it follows that a unified trolley and bus system is compulsory, and Third Avenue holds the whip hand.

Its proposition is understood to be a ten-cent fare on buses with free transfer to trolleys, and a five-cent fare on trolleys with a five-cent transfer to buses. The addition of such revenue would raise the adjustment income 5s to the rank of a premier security. At

present, full 5% is not being earned on these bonds, and only 2½% annually is being paid. Gross revenues are not increasing, and, hence, immediately greater earning power is not in prospect. But any advance in the road's earnings will rebound primarily to the advantage of these bonds as 22¾% accumulated interest is owing thereon. Hence, when the bus situation will be settled, adjustment income 5s will participate in the gains, and common stock requirements will have to wait. *These bonds offer a good speculative opportunity.*

NEW YORK RAILWAYS
(*Income* 6s, 1965)

New York Railways operates the majority of important surface tractions in Manhattan. It was re-organized in 1925. Underlying bonds amount to 12.4 millions, and Prior Lien 6s to 2.5 millions. Interest charges on the above are $769,000. Net income available for interest and fixed charges in the fiscal year ended June 30, 1925, left only $346,000 for service on 20.7 millions 6% income bonds. It is expected, however, that in the spring of 1926 some payment will be made on these bonds. They are cumulative on interest due from 1926 to 1930 and thereafter interest is payable only when earned. Bond is secured by a general mortgage on the property, junior to the prior lien, and also by a second lien on 5 millions par value in securities of junior companies.

It seems likely that these bonds will soon be on a 3% basis, and that with abolition of paving costs, and with bus franchises, etc., there is a reasonable hope that it will earn sufficient to pay 6% annually, and arrears in interest. *At 32, it seems a fair speculation.*

TWENTY-THIRD STREET RY. CO.
(*Improvement and Refunding Mortgage* 5s, 1962)

An underlying bond of the New York Railways Company, this issue has never defaulted in principal or interest and was left untouched at the time of the reorganization. It is subject to a first mortgage issue of $250,000, all owned by the holding company. This bond is a first mortgage, subject only to the above, on the Twenty-third street crosstown route, on 3 miles of the Fourteenth street route, a double track on Park Row used by the New York & Harlem R. R. These lines represent heavy traffic, short haul and large profits and are the best "feeder" lines of the New York Railways Company. The bond is amply secured. New York Railways system has earned more than twice their interest requirements. ***At 65 to yield 7.90% it is considerably undervalued.***

For Help in Solving Your Life Insurance Problems Consult our Insurance Department.

ARE THE SUGARS COMING BACK INTO THEIR OWN?

(Continued from page 821)

CUBAN DOMINICAN SUGAR Next to Cuba Cane Sugar, Cuban Dominican is the largest producer. About 60% of output comes from estates in Cuba and about 40% from estates in the Dominican Republic. Capitalization, as the per bag figures in the table indicate, is rather liberal. Costs are higher than for the other companies discussed, and the cost figure given is before depreciation while the cost figures given for the others are after depreciation. It is but fair to state, on the other hand, that most of the properties very recently have been acquired, and that the process of absorbing, correlating and modernizing them is not yet complete. Costs last year were reduced to 2.44 cents compared with 3.12 cents in 1924.

In 1925, but 33% of fixed charges were earned, and at the end of September current assets were 21 millions against 17 millions current liabilities. Cash holdings of but $776,848 against 13.7 millions floating debt indicates that new financing is inevitable. Obviously, the cost of obtaining new funds probably will be rather high.

For the present, the 7½% collateral trust bonds selling at 94 to yield 8% must be considered speculative. The preferred stock issue (114,942 shares of $100 par value) is not especially large and is entitled to 8% non-cumulative dividends. For a patient holder who can afford to assume a rather heavy risk, it has some long pull possibilities, since it takes a profit of but 1/10 cent a pound after bond interest to cover the dividend requirement. The common, 1,628,911 shares of no par value outstanding, is essentially a speculative stock and is unattractive. Both classes of stock appear years away from dividends.

MANATI SUGAR By producing 784,672 bags against a rated capacity of 650,000 bags, Manati in 1925 turned out more sugar than in any year in its history; but even with costs at 2.351 cents it was able to earn only 77% of fixed charges, as output was not marketed to as good an advantage as that of some of the other companies. As a result of the poor showing the directors have had to pass the $5 dividend on the 100,000 shares of common. On October 31st current assets were 6.7 millions against 3.7 millions current liabilities. Cash holdings were $597,000 against 2.85 millions bank loans. Probably 1926 costs will be lower, but the company will do well if it earns bond interest and preferred dividends on the 35,000 shares of $7 cumulative senior stock.

Manati's first mortgage 7½s at 101 to yield nearly 7½%, appear fairly well protected, but cannot be given more than speculative rating. The same applies to the preferred, now selling at 81. The common is not near dividend resumption. It does not seem attractive except on weakness, and then only as a long pull speculation. All of Manati's securities, although listed on the New York Stock Exchange, are too inactive to be attractive as trading medium.

PUNTA ALEGRE SUGAR Because Punta Alegre is one of the best managed sugar producing companies on the Island, and because its costs are down around 2 cents a pound, its securities are not without possibilities even with sugar no higher than 2¾ or 3 cents a pound. The only charge ahead of the 381,539 shares of capital stock is interest and sinking fund requirements which aggregate but 0.159 cents on each pound of rated capacity. Thus, in theory at least, all earnings after sugar sells at about 2¼ cents, provided there is no increase in costs, accrue to the common stock. In other words, since the company has a production capacity of just under 2,100 pounds per share, each ¼ cent above 2¼ cents received for sugar should mean net earnings of about $5 a share on the stock.

Punta's bond issues are small and well secured. The convertible debenture 7s at around 109 are not only well protected, but have long-range probabilities of added value through being convertible into stock at just over 55½. The common is attractive only from a long-pull viewpoint. On September 30th current assets were 8.1 millions against $728,642 current liabilities, and cash holdings were in excess of total current liabilities.

SOUTH PORTO RICO SUGAR Producing the greater part of its output under the protection of a 1.76 cent tariff not enjoyed by Cuban companies, South Porto Rico Sugar is able to earn good profits even with Cuban raws, duty unpaid, selling as low as 2 cents. This year's profits probably will be larger, rather than smaller, than the $14.79 a share earned on the 112,056 shares of common in 1925. The stock now pays $6 per annum, and it is confidentially expected that the rate of distribution shortly will be increased, perhaps to $8 per annum with extras. This accounts for the advance in the stock from a low of 62 last year to above 140.

At the end of last September South Porto Rico had 4.1 millions cash and call loans against $920,000 current liabilities. Financial position, therefore, allows a liberal dividend policy.

THE MAGAZINE OF WALL STREET *recommended the purchase of South Porto Rico at around 90. Of course, it is no longer a bargain at the present price of 140, though it still has long-pull possibilities.*

ON "AVERAGING DOWN"

(Continued from page 836)

parent weakness below E, from a chart reader's theory only, and without regard for other information that was probably available at the time, the action of the stock was not such as to encourage or justify averaging down.

Suppose our trader waits until the crash is over, as indicated by repeated support at the 10 level, and subsequent ability of the issue to work into higher ground. Somewhere between H and I, and not very far above H, the stock became more attractive, not only technically, but statistically as well. Somewhere above H is the place to decide upon as the level to begin buying. With a definite upward tendency established, and with the probability that any recession would be a technical readjustment rather than a decline caused by fundamental weakness, there is justification for buying on a scale down into one of these reactions.

Even at I, after a recovery of 50 points, many traders and others considered the stock attractive. The more experienced trader who bought the stock at this level for speculation only, no doubt reasoned that it could be safely purchased so long as it did not sink below about 57, where it would be prudent to place a stop. If stopped out below I, he would have considered a repurchase on the advance above 65, or he might even have postponed buying around this level until the stock did move through 65 on the way up.

If we consider the decline from J to L, and imagine that the graph to the right of L has not yet been drawn, it is clear that there is nothing about the chart record itself to indicate that L is the bottom of the decline. Any decision on the part of a trader to take action at around the L level, must be based on observation of increased support at this level following repeated professional efforts to cause a further decline, or a more than ordinary increase in volume of trading at this level, without making any further progress on the down side. So far as the chart is concerned, there is no confirmation of renewed strength until the price reaches the level of M. Here, between 60 and 70, the persistent technical strength of the issue was apparent, and buying on a scale down was again justified.

Even at N, after a recent rise of 40 points, and only about 20 points off the old top at J, there is nothing about the technical behavior of the issue to indicate that it will not go higher. This zone corresponds in some respects to I, or at least the same line of reasoning might apply to new ventures at this level.

The point that the new trader should gain from this discussion is that the theory of averaging down is not important in itself, and should never be considered in any other light than as sec-

ondary to the all-important point of deciding when to begin the process. Simply averaging down in a declining market is contrary to all sound trading principles. It is positively the wrong way to gain the advantages of scale buying. It is the reverse of correct pyramiding, which contemplates additional commitments so long as the stock moves in your favor.

WALL STREET, THE WORLD'S GREATEST SECURITY MARKET

(*Continued from page* 799)

the fullest publicity. The public has learned that a corporation which practices concealment has usually good reasons for such a policy and those reasons are not to the advantage of the shareholders.

A company whose securities are listed always enjoys better credit facilities than a non-listed company. Bankers are always ready to make better terms to a concern whose securities are actively traded in on the Big Board for they know that the securities of such companies are much more attractive to investors than the issues of non-listed companies. Investors realize that they can readily borrow from their banks on listed collateral. The ready marketability of listed securities is a factor which counts heavily with investors. Many banks have adopted the policy of limiting their collateral loans almost entirely to listed "stuff" while there are thousands of investors who will not consider buying securities which cannot be turned into cash quickly and conveniently should the need arise.

If a wealthy man dies and leaves his interest in his business in the form of securities listed on the Stock Exchange his estate can be settled with a minimum of expense and disturbance. Those heirs who desire to convert their legacies into cash can do so without unsettling the machinery or the management of the business.

A large list of stockholders, which means a wide distribution of securities, is an important asset to any corporation. The railroads and the public utilities have recognized the fact for years that many stockholders constitute a vociferous minority which may be counted upon to strenuously resist the attacks of demagogues and "popular" politicians.

Again a company whose stock is listed receives a vast volume of free advertising and there are few able corporation heads today who are not alert to the value of advertising. The price of the stocks of listed companies are quoted each day in the newspapers and the affairs of the company are commented upon in the financial and news columns. Direct advertising of a similar volume would cost many thousands of dollars.

The foregoing are but a few of the many reasons why Wall Street at the present time has more nearly come into

its own than at any previous time in its long history. The investing public has been educated to a better understanding of the true Wall Street and the importance of its position in the economic cycle.

As a result the investor may find in this greatest of all markets practically every type of security representing nearly every type of human industry under the sun. His investment opportunities are a thousandfold greater than those offered to his grandparents. There is always, and always will be, the problem of selection, but for every signboard which marked the right way a quarter of a century ago, there are a hundred guideposts at the present time. He who invests must not only read but profit from his reading.

Vast as is Wall Street's present mechanism and volume of business it requires no gift of prophecy to predict that a vastly greater growth lies ahead. In the matter of foreign listings scarcely more than a beginning has been made. And in the financial alleys and lanes, all which eventually lead to the great financial Main Street, there are hundreds, even thousands, of lusty young companies which will provide the listings of the future.

BANKERS FROWN UPON POOLS IN GRANTING COLLATERAL LOANS

(*Continued from page* 797)

will command five millions in loans on 6.25 millions collateral.

Unlisted and curb securities, of good quality, are acceptable as collateral on bank loans. Such loans, however, are arranged by the money brokers with the bankers, and not automatically as in the case with Stock Exchange collateral. In other words they are subject to negotiation. The money broker either calls on the bank, or calls it up with a description of the collateral. If all is satisfactory, terms are arranged.

"Penny stocks" are not admissible, nor are low class mining, oil, or obscure and unprofitable industrials. Even with stocks of prime quality, however, it is usual to "sweeten" the collateral with Stock Exchange securities and/or good bonds. Otherwise arrangements are not usually easy. The resulting loans are known as "special loans" and are almost invariably time loans. This is, of course, a serious disadvantage, compared with Stock Exchange collateral. Methods of valuing such securities are similar to those governing on Stock Exchange collateral, except that collateral is required to be valued at 130% of amount of the loan instead of 125%.

In the case of bank and insurance stocks offered as collateral, the same rule of 130% prevails, except that such stocks are practically always taken at market value (bid price). Even in such cases a little "sweetening" helps the loan.

HELPING EACH OTHER MAKE MONEY

(*Continued from page* 831)

names of individual members of the club, that member having full charge of the investment entrusted to him, from placing the order with the broker to receiving the stock certificate in his name, which, of course, is then endorsed over to the club. Since that member receives the dividend checks, and all mail, annual reports, and other benefits pertaining to his investment, just as though it were his own, it gives him first-hand interest and experience which will be of value to him in handling future investments for his own account.

To sum up, we have found three main factors essential to the successful operation of a club of this kind. First, do not make the membership too large, and be sure of the quality of its members; second, learn the value of patience, especially in making and holding your investments; and third, have all questions relating to money matters subject to a unanimous vote of the membership. It is human nature for a person to have his heart close to his purse strings, and as the funds of a club grow each member will have an increasing interest in his individual share of the whole, and if not carefully provided for, chances for a disagreement may crop up unexpectedly.

So this game of being on the upgrade together has proven to be of great interest as well as profitable. The only regret we hear expressed in our Cuesta Club is "why didn't we think of something like this before?"

Important Corporation Meetings

Company	Specification	Date of Meeting
Amer. Beet Sug	Directors	3-1
Endicott-Johnson	Pfd. & Com. Divs.	3-1
Endicott-Johnson	Annual	3-1
Helme (G. W.)	Annual	3-1
Amer. Chicle	Annual	3-2
Bucyrus Co.	Annual	3-2
Intertype Corp.	1st Pfd. Div.	3-2
Kresge (S. S.)	Directors	3-2
Mack Trucks	1st Pfd. & 2d Pfd. & Com. Divs.	3-2
Man. Elec. Supply	Dividend	3-2
U. S. Tobacco	Annual	3-2
Gimbel Bros.	Directors	3-3
Helme (G. W.)	Pfd. & Com. Divs.	3-3
Lehigh Valley R. R.	Pfd. & Com. Divs.	3-3
Lorillard	Pfd. & Com. Divs.	3-3
Pere Marq.	Prior Pf., Pfd. & Com. Divs.	3-3
St. Louis, San. Fran.	Directors	3-3
Stand. Gas & Elec.	Prior Pf. & Com. Divs.	3-3
Amer. Metal Co.	Annual	3-4
Amer. Steel Foundries	Directors	3-4
Baldwin Loco.	Annual	3-4
General Cigar	Annual	3-4
May Dept. Stores.	Directors	3-4
Ry. Steel-Spring Co.	Annual	3-4
Reynolds Tob.	Pfd. & Com. Divs.	3-4

Consult our Insurance Department for help in solving your Life Insurance problems.

Bank and Insurance Stocks

Quotations as of Recent Date

NATIONAL BANKS:	Bid	Asked
American Ex.-Pacific (16.50)	473	480
Chase (20A)	645	655
Chatham & Phenix (16)	375	380
Chemical (24)	800	...
City (20A)	615	620
Commerce (16)	380	385
First (N. Y.) (100A)	2800	2900
Hanover (27)	1105	1125
Mechanics & Metals (20)	465	470
Park (24)	535	545
Public (16)	725	740
Seaboard (16)	670	680

TRUST COMPANIES:	Bid	Asked
Bankers (20)	640	650
Bank of N. Y. & Trust Co. (22)	635	650
Brooklyn (30)	875	890
Central Union (33)	875	890
Empire (16)	390	400
Equitable (12)	294	300
Farmers' L. & T. (16)	570	580
Guaranty (12)	380	385
Irving-Columbia (14)	343	350
Manufacturers (18)	557	565
New York (20)	575	585
United States (60)	1865	1890

STATE BANKS (NEW YORK):	Bid	Asked
America V. T. C. (12)	315	340
Corn Exchange (20)	590	600
Manhattan Co. (8C)	235	240
State (16)	640	660
United States (10)	342	350

INSURANCE COMPANIES:	Bid	Asked
Aetna Fire (24)	635	645
Aetna Life (12)	1330	1350
Carolina (1)	35	37
Continental (6)	136	141
Fidelity-Phenix (6)	191	196
Glens Falls (1.60)	40	42
Globe & Rutgers (28)	1640	1670
Great American (16)	307	312
Hanover (5)	200	210
Hartford Fire (20)	640	650
Home (18)	359	365
Milwaukee Mech. (2.20)	37	39
National Fire (20)	825	...
Niagara (10)	258	263
North River (4)	118	125
Stuyvesant (6)	236	241
Travelers (20D)	1340	1360
United States (4.80)	157	162
Westchester (2.50)	48	50

CASUALTY AND INDEMNITY COMPANIES:	Bid	Asked
American Surety (8)	178	185
National Surety (9)	220	230
U. S. Casulty (10)	375	...
U. S. Fid. & Guar. (9D)	219	220

JOINT STOCK LAND BANKS:	Bid	Asked
Bankers of Milwaukee (4E)	130	140
Chicago (10)	146	150
Dallas (10)	144	148
Denver (8)	125	135
Des Moines (4E)	120	132
First Carolina (8)	125	135
Kansas City (10)	141	150
Lincoln (9)	140	150
St. Louis (9)	160	165
Southern Minnesota	122	128
Virginia (.50B)	8	9

(A) Includes dividends from Securities Company. (B) Par $5. (C) Par $50. (D) Ex-rights. (E) Annual rate not definite. Based on Jan. 1st payment.

THE most important development in banking circles in a year has been the merger of Chase National and Mechanics and Metals National, as announced last week. Meetings of the stockholders, on March 18, are expected to ratify the merger formally. Union of these two banks makes the new bank (to be called the Chase National) the second in the United States. Chase National will have capital of 40 millions and 39 millions surplus, and resources above one billion dollars. Chase National will increase its capital stock from 200,000 to 400,000 shares, as will Chase Securities Corporation. One hundred thousand shares of these additional shares of both institutions will be issued to shareholders of Mechanics and Metals National Bank. They will receive them in the form of trust receipts issued by the Bankers' Trust Company, representing these additional shares. The 100,000 additional shares of each institution then remaining, will be offered pro rata to the holders of the trust receipts, at $105 for a share of Chase National and a share of Chase Securities Corporation. Chase National will receive $100 and Chase Securities $5 from such sale.

Mechanics and Metals and Chase National were linked together in rumor several months ago, but at that time the report of such a merger was denied. Great stimulus was accordingly given to the bank stock market by the circulation of many other merger rumors. Certainly the first clear indication of a merger tendency is of sufficient importance to change the character of the bank stock market. It is obvious that the same economic forces that made it expedient for Chase and Mechanics and Metals to combine will make it expedient for many others to combine. There can be little question that in a few years the banks of New York will have shrunk in number to not many more than there are now in London. The ability to give proper accommodation to large clients, because of large capital and surplus, would alone force this tendency in New York.

1925 operations of New York banks showed an average gain in deposits of 7% for national banks, 5% for state banks and a 1% decline for trust companies. Surplus and undivided profits of national banks advanced on the average 7%, of state banks 12%, and of trust companies about 4% in 1925.

An interesting form of merger in the fire insurance field is gaining ground. Although formally not mergers, the superintending of smaller companies by larger in so-called "fleets" is outstanding, and hereafter the table of quotations will give the insurance stocks according to such groupings.

OPPORTUNITIES IN RAILROAD SEGREGATION

(*Continued from page* 816)

pany, capitalized at $24,800,000, but carried on the parent company's books at $6,775,000. The subsidiary owns some $21,000,000 of securities, income from which was approximately $570,000 in 1924 and $741,000 in 1923. Northwestern Improvement controls 600,000 acres of lands bearing coal and iron ore and on which there is some indication of oil. Drilling investigations are being pursued through a subsidiary. Dividends have been irregular, but in 1908 the company paid direct to Northern Pacific stockholders, $17,445,000, equal to 11.26% on the latter's stock, and in 1922 paid off $6,000,000 notes held by the parent company. The Northwestern Improvement Company is capitalized at one-tenth the $248,000,000 capital stock of Northern Pacific.

The Atchison, Topeka & Santa Fe Railway has a valuable subsidiary in the Chanslor-Canfield Midway Oil Company. This property is the railroad's chief source of fuel oil, and any intention of turning it over to the stockholders has been denied. Earnings, however, were in 1924, $6,143,000, in 1923, $5,936,000 and in 1922, $6,144,000, equal per share of Atchison common stock to $2.64, $2.55, and $2.64, respectively.

The St. Louis-San Francisco Railway emerged from receivership in 1916, with 500,000 shares, or one-half the million share capital of the New Mexico & Arizona Land Company. This concern holds 1,161,000 acres of land, originally government grants, in New Mexico and Arizona. Roughly speaking, there is an acre for each share of stock, while 'Frisco holds a share of the subsidiary for each of its own shares outstanding. Some years ago the properties were appraised for a bond issue at 10 millions, equal to $10 per share, and approximately $10 per acre. Prospecting for oil has recently been undertaken. On the strength of this the stock has advanced from around $8 to $13. Distribution of these shares to 'Frisco stockholders would be without effect upon the latter's income as the earnings of the subsidiary are negligible. Such a development is apparently not visualized in the current price of 'Frisco common.

At least one other company, the Atlantic Coast Line, should receive mention in this survey. Through its subsidiary, the Atlantic Land & Improvement Company, there is controlled 200,000 acres in Florida. Coast Line carries the bonds and stock of this company at $600,000 and $3,000,000, respectively, equal to $18 per acre. Judging by the stories which emanate from Florida, a much larger value might ultimately be realized. The book values, however, are equivalent to $5.28 per share of Coast Line common, not a very large amount. The securities are unpledged and could easily be distributed.

Municipal Bonds

HIGHER-GRADE MUNICIPALS

	Rate	Maturity	Approximate Yield
California	4¼	July, 1957	4.15%
Illinois	4	May, 1941	4.00
Michigan	4	July, 1944	4.00
Minnesota	4¼	February, 1944	4.10
Missouri	4¼	March, 1936	4.10
North Dakota	5¼	January, 1949	4.60
Oregon	4½	April, 1937	4.20
West Virginia	4	January, 1950	4.10
Baltimore, Md. Reg.	4	October, 1940	4.05
Bayonne, N. J.	4½	January, 1933	4.25
Buffalo, N. Y.	4	June, 1957	4.00
Camden, N. J.	4¼	Sept., 1952-62	4.15
Chelsea, Mass.	4	1936	4.00
Chicago, Ill.	4	1937-9	4.00
Cleveland, Ohio	4¼	March, 1939	4.10
Denver, Colo.	4½	1940-45	4.10
Detroit, Mich.	4½	1938-54	4.15
Grand Rapids, Mich.	5	1926-34	4.15
Los Angeles, Calif.	5	1942-5-51	4.45
Louisville, Ky.	4	July, 1937	4.00
Milwaukee, Wis.	5	July, 1937-8	4.10
Minneapolis, Minn.	4	January, 1935	4.10
New Haven, Conn.	4¼	1940	4.05
Patersen, N. J.	4½	February, 1945	4.25
Pawtucket, R. I.	4½	1950	4.20
Portland, Me.	4	1936	4.00
Providence, R. I.	4	July, 1956	4.00
San Antonio, Texas	5	1931-59	4.35
San Diego, Calif.	5	1931-66	4.50
San Francisco, Calif.	4½	July, 1941	4.35
St. Paul, Minn.	4¼	July, 1954	4.10
Trenton, N. J.	4	1939	4.10
Youngstown, Ohio	5¼	October, 1932	4.30

Average Yield, 4.15%

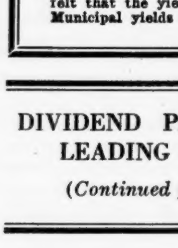
All of the bonds listed are legal for savings banks investments in the three states of New York, Connecticut and Massachusetts. All three have extremely rigorous standards with reference to State and Municipal bonds, but it appears that their standards differ, and it has been found that the combined requirements of the three states ensure the utmost in safety. No town with less than 25,000 inhabitants has its bonds represented because, as a rule, their marketability is inferior. Every effort has been made to exclude bonds subject to local taxation. This list will be revised constantly, on the basis of yield. It is felt that the yields obtainable are as high as possible in view of the strict requirements. Municipal yields are noticeably lower than last month.

DIVIDEND PROSPECTS FOR LEADING INDUSTRIES

(*Continued from page* 811)

Machinery Outlook Improves

Prospects for Various Groups



THE machinery industry embraces a number of rather remotely related manufacturing lines. For convenience, however, the farm implement, railroad and electrical equipment and miscellaneous machinery manufacturing stocks have been included under one grouping in these tables. Obviously the prospects of each particular branch of manufacture are by no means uniform.

The farm implement companies staged a practically complete recovery of earning power last year, having the background of 1924's improvement on which to build. It is unnecessary to do more than touch briefly upon the factors that have brought these companies back to pre-war earning power, since the restoration of farm buying and the crying need for replacement of obsolete machinery, resulting from four previous years of suppressed demand, are well known. Domestic as well as foreign orders for agricultural machinery ran far ahead of any year since the notable deflation period.

With the generous earnings of 1925, farm implement companies were enabled to set their financial houses in order once more. In some cases, bank loans or funded debts were reduced. In others, preferred dividends were restored. The basis has thus been laid for resumption or increases of common dividends this year. The outlook in this respect is the more promising inasmuch as a large potential demand for machinery still exists.

The railroad equipment companies

did not fare so well. Despite a record volume of traffic, the country's transportation system was too well supplied with rolling stock and motive power, through elaborate expenditures in 1924, to require large additions last year. Railroad equipment makers were compelled to draw upon surplus to maintain their dividends in the majority of cases. Being well fortified with working capital, however, they are so situated that the anticipated revival of demand, which is already in evidence, should result in some increase in dividends during the current year.

On the other hand, electrical equipment companies did a flourishing business and will probably continue to move forward with assurance. The public utility industry spent lavishly to meet the steadily growing demand for lighting and power services with the result that demand for equipment of all descriptions was heavy all through 1925. The large volume of financing scheduled for this year would indicate that there will be no early cessation of power plant construction. Hence the companies catering to this class of demand may be expected to do well by their shareholders.

Conclusion

Insofar as the miscellaneous machinery companies are concerned, no broad generalizations are possible. Heavy machinery manufacturers ordinarily begin to feel the urge of industrial activity after the cycle of prosperity is well advanced so that earnings in the current twelve months should tend toward improvement. Prospects of other companies are indicated in the accompanying tables so that further comment seems superfluous.

BARGAIN HUNTING IN INSURANCE

(*Continued from page* 832)

ment plan he would have $10,000 to invest which earns an income of $600 a year, but his estate is then limited to $10,000. Under the insurance-investment plan, Mr. Bargainhunter also figures on putting an end to the $400 yearly payments after twenty years and finds that he stands with an $8,250 investment fund plus $10,000 worth of insurance that is costing $150 a year. At 6%, his income from the investments is $495. He pays his life insurance out of this income and after deducting $150 has $345 a year to do with as he pleases; his insurance being paid for until his death out of his investment income. While his income under the insurance-investment plan is, therefore, $225 less, the net worth of his estate is $18,250 instead of $10,000 under the endowment plan, and the income which his family would receive from the estate at 6% would be $945 a year instead of $600.

Which of these two plans do you suppose Mr. Bargainhunter selected?

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

	Bid	Asked
Aeolian Co., pfd. (7)	83	88
Aeolian Weber	28	34
Aeolian Weber, pfd. (7)	97	103
Alpha Port. Cement (6)	134	137
Aluminum Co. of Am.	64	68
Pfd. (6)	98½	99½
Pfd. Warrants	89	92
American Arch (7P)	133	135
American Book Co. (7)	143	148
Amer. Cyanamid (new):		
Cl. A.	46	47
Cl. B.	46	47
Pfd. (6)	93	96
Amer. Thread, Pfd. (¼)	4	4¼
Atlas Port. Cement (4)	50½	53
Babcock & Wilcox (7)	143	145
Barnhart Bros. & Spindler:		
1st Pfd. (7) G.	104	107
2nd Pfd. (7) G.	98	..
Bliss (E. W.) Co. Ctfs.	27	29½
1st Pfd. (4)	55	60
Cl. B. Pfd. (0.60)	10	11
Bohack (H. C.) Co. (10)	208	215
1st Pfd. (7)	101	103
Borden Co. (4P)	107	110
Bucyrus Co. (5P)	235	245
Pfd. (7)	104	108
Celluloid Co.	17	21
Pfd. (8)	60	..
Congoleum Co. pfd. (7)	x95½	x98
Continental G. & El. (4.4)	150	155
Part pfd. (8)	101	102½
Prior pfd. (7)	98	99
Crocker Wheeler	20	27
Pfd.	53	..
Devoe & Reynolds:		
2nd Pfd. (7)	98	104
Fajardo Sugar (10P)	153	155
Franklin Rwy. Sup. (4)	89	93
Giant Port. Cement	45	50
Pfd. (3.5B)	48	51
Hale & Kilburn pfd. (½)	13	17
Hercules Powder (6P)	143	148
Pfd. (7)	113	116
Ide (Geo. P.) & Co., Inc.	3	6
Pfd. (8)	50	55
International Silver (6)	108	110
Pfd. (7)	105	107

	Bid	Asked
Jos. Dixon Crucible (8)	153	156
Johns-Manville, Inc. (3)	147	150
Knox Hat	58	..
Pr. Pfd. (7)	94	98
Part. Pfd. A	68	..
Lehigh Port. Cement (3)	90	92½
McCall Corp.:		
New (0.50)	42	45
Manhattan Rubber (2.5)	40	43
Metropolitan Chain Sts.:		
1st Pfd. (7)	104	108
2nd Pfd. (7)	103	106
Nat'l Fuel Gas (6P)	150	155
New Jersey Zinc (8P)	203	208
Niles-Bement-Pond	24	26
Pfd.	70	..
Phelps Dodge Corp'n (4)	128	133
Pierce, But. & Pierce:		
(New) (2)	24½	26½
Pfd. (8)	99	102
Richmond Radiator	20½	21½
Pfd. (3)	39	41
Royal Bak'g Powder (8)	190	200
Pfd. (6)	101	103
Safety Car H. & L. (8P)	126	128
Savannah Sugar (6)	160	170
Pfd. (7)	130	135
Servel Corp. B.	59	63
Sheffield Farms pfd. (6)	100	104
Singer Mfg. Co. (10P)	372	376
Singer, Ltd. (¼)	7	8
Superheater Co. (6P)	143	148
Technicolor, Inc.	7½	8½
Wash. Ry. & Elec. (5)	205	225
Pfd. (5)	86	89
White R'k 2d pfd. (6P)	180	200
1st Pfd. (7)	100	104
Woodward Iron	114	118
Pfd. (6)	90	..

*Dividend rates in dollars per share designated in parentheses.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

P—Plus extras.

B—Also extras on account of arrears.

x—Ex-dividend.

OVER-THE-COUNTER stocks were generally firm during the past two weeks, with special strength in *Savannah Sugar, Woodward Iron, Borden, Bucyrus* and the railway equipments. On the other hand, a listless market prevailed in the *Allied Packers* preferred and common shares. Inasmuch as these latter issues appear to have little public following at present, it has been deemed advisable to remove them from our list of quotations.

GIANT PORTLAND CEMENT CO.

The rather pretentious title of this company is something of a misnomer, since it is a relatively small producer (annual capacity is 2 million barrels) compared with such dominant units as Alpha, Lehigh and Atlas. Its failure to prosper in former years in the same measure as these larger companies, however, was due not to considerations of relative size but rather to lack of up-to-date facilities and an unprofitable plant at Norfolk.

For some years, the management has devoted its energies to the task of building up an efficient, well integrated organization. Upwards of 1.5 million dollars have been diverted from earnings for investment in improvements and expansion and liberal allowances made for depreciation during the past nine years. Furthermore, funded debt of $750,000 which encumbered the present organization at the time it was formed to succeed the American Cement Co. in 1913, has been cut to a nominal amount, at $71,182.

This result was accompanied by devoting the proceeds realized from sale of the Norfolk plant, in June, 1924, to reduction of bonded debt. Thus, at one stroke, the company strengthened its financial structure and unburdened itself of an unprofitable property.

Dividend payments on the 1.87 millions 7% cumulative preferred stock of $50 par value were paid irregularly until 1923, owing, of course, to the circumstances outlined above. The economies resulting from liberal expenditures for additions and betterments have made themselves felt in more recent years so that, preferred dividend accumulations were cut from 36% at the close of 1923 to 19% last year. Earnings available for this issue were equivalent to $10.80 in 1923; $10.83 in 1924 and $12.90 a share in 1925.

The common stock, of which 22,121 shares of $50 par value are outstanding, has never received a dividend, but in the three years mentioned, net profits were $12.35, $12.40 and $15.96 a share,

respectively. Last year, the company paid $5 a share to preferred stockholders on account of arrears, in addition to the regular $3.50 dividend. With 19% still due on this issue, the shares are attractive as a semi-speculative investment affording an attractive return and possibilities for gradual price appreciation for a long pull.

While the common stock must wait for dividends until preferred arrears have been provided for, the junior issue has promise as a long-range speculation in view of the earning power shown in the past few years. Incidentally, while the cement industry is partially dependent upon the trend of general building operations, the growing use of cement in road building should tend to soften the effect of a possible recession in the former industry.

PHELPS-DODGE CORPORATION

The common stock of this old and solidly established copper company has lately developed a strong undertone, indicative of improvement in the outlook for earnings. It is anticipated that the 1925 statement will show a substantial gain in net profits, although no actual figures are available as yet. Another factor regarded as favorable to the company is the concerted effort of copper producers to stabilize prices on export copper.

Phelps-Dodge is strong in working capital, having shown current assets of 28.94 million dollars at the close of 1924 against current liabilities of 16.62 millions. Like all copper producers, the company's true earning power has been obscured by heavy depletion and depreciation charges in the past few years. In the case of Phelps-Dodge, such writeoffs are more than ordinarily generous.

SOME SIGNS OF RECESSION

(*Continued from page* 833)

STEEL

business are running around 58% of the theoretical capacity. However, there are other influences at work than decline in new bookings. For instance, coke prices have risen considerably higher than iron prices and some of the iron makers find it more profitable to ship their coke East than to continue all of their furnaces on a small operating profit. Others are actually operating at a loss and find it advisable to suspend operations for that reason.

The steel industry regards it as a constructive move to keep pig iron production down. In 1925, after the turn of the year, a large supply of pig iron and entirely unsatisfactory prices introduced an unhealthy situation that cut down the profits of the iron and steel makers in subsequent months.

(*Please turn to next page*)

(Continued from previous page)

PETROLEUM

Price Advances Continue

The price advances, usually posted during the early Spring, are being effected now. Advances in gasoline and kerosene are universal, the usual differential in the East being maintained. Crude oil prices have advanced in every field with the exception of California where they are forecast by premiums over the posted prices. The daily average production of crude oil is again under the lowest point in 1925, having fallen off some 100,000 barrels on the daily average since the start of the year. Furthermore, the decline in production has continued, with only one interruption a few weeks ago. It is likely that, with the drilling activity that comes with the Spring, some new production will be obtained to offset the decline. As a matter of fact, it is becoming more essential from week to week that such production be obtained.

It is interesting to note that in California, where the upsets have come from in the past few years, most of the proven acreage, still untouched by the drills, is controlled by the larger and stronger companies. When this reservoir is tapped, the production will be orderly and in line with the economics of the oil business rather than prompted by a mad scramble to get oil out at any prevailing market price. The larger companies are continuing to draw on their storage to meet refinery requirements. Especially in the Mid-continent, "free oil," or, in other words, crude oil in excess of the refining facilities of the producer, is becoming more and more scarce. Present indications point to a good year for the petroleum companies.

METALS

Buying a Little Better

Heavier buying has been felt in the metal markets following a dull spell since the year started. The renewed interest is not materially affecting prices as the producers have been compelled to hold metals at the mines and are willing to permit the buyers to draw down their stocks without attempting to hold back any longer for higher prices. The accumulation of metals pertains to the copper producers more than other metal companies and, in the interests of keeping a visible surplus down to a minimum, some reduction has taken place in the output of the red metal at the mines.

While there is admittedly an adequate stock of the red metal on hand, brass and semi-finished products occupy a stronger statistical position. With a continued strong demand, brass and copper products, with the single exception of copper wire, have advanced fractionally in price. This is especially significant, when it is recalled that the recent reductions in zinc were not accompanied by a similar reduction in copper products. The current increases are not merely regaining lost ground, but definitely establish a new price level. Zinc and lead are steady. The output of zinc is still high and it is believed that the reduction in copper output may push that metal ahead of the other non-ferrous metals as far as the market price is concerned.

(*Commodities Section on page* 876)

Important Dividend Announcements

The dividend rates of the majority of the companies listed in *Important Dividend Announcements* remained for the most part unchanged. General Motors, as a result of the huge earnings it showed last year, continued to hand out its profits to its stockholders by raising the annual dividend rate to $7. St. Joseph Lead and United Fruit both declared "extras." S. S. Kresge put its new stock on a $1.20 annual basis and split the old stock 10 shares for 1, so that the new rate is equal to $12 on the old stock, an increase of $4.

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$2	Am. Chain "A".....	$0.50	Q	3-20	4-1
7%	Am. Linseed pf......	1¾%	Q	3-19	4-1
$6	Am. Ry. Express.....	$1.50	Q	3-15	3-21
$5	Am. Sug. Ref. cm....	$1.25	Q	3-1	4-2
$7	Am. Sug. Ref. pf....	$1.75	Q	3-1	4-2
5%	Am. Tel. & Cable...	1¼%	Q	2-27	3-1
$2	Assoc. Oil	$0.50	Q	3-4	4-26
$4	Atlas Powder cm.....	$1.00	Q	2-26	3-10
$2	Barnsdall "A"	$0.50	Q	3-15	4-2
$2	Barnsdall "B"	$0.50	Q	3-15	4-2
8%	Beth. Steel pf.......	2%	Q	3-6	4-1
7%	Beth. Steel pf.......	1¾%	Q	3-6	4-1
$6	B'klyn-Manh. pf.	$1.50	Q	4-1	4-15
10%	Canadian Pacific cm..	2½%	Q	3-1	4-1
$4	Cert. Prod. cm.......	$1.00	Q	3-16	4-1
7%	Cert. Prod. 1st pf....	1¾%	Q	3-16	4-1
7%	Cert. Prod. 2d pf....	1¾%	Q	3-16	4-1
....	Childs Co. cm.	1%	Stk	2-26	4-1
$2.40	Childs Co. cm.	$0.60	Q	2-26	3-10
7%	Childs Co. pfd.	1¾%	Q	2-26	3-10
$2½	Chile Copper	$0.62½	Q	3-3	3-29
$4	Coty, Inc.	$1.00	Q	3-19	3-31
$8	Detroit Edison	$2.00	Q	3-15	4-20
8%	Diamond Match	2%	Q	2-27	3-15
6%	Du Pont Pow. cm....	1½%	Q	4-20	5-1
6%	Du Pont deb.	1½%	Q	4-10	4-26
$5	Eastman Kod. cm....	$1.25	Q	2-27	4-1
....	Eastman Kod. cm....	$0.75	Ext	2-27	4-1
$6	Eastman Kod. pf.....	$1.50	Q	2-27	4-1
$2.40	Fair, The, cm........	$0.20	M	3-20	4-1
$0.80	Fed. Lt. & Trac. cm.	$0.20	Q	3-15	4-1
Stk	Fed. Lt. & Trac. cm.	$0.15	Q	3-15	4-1
$7	Gen. Motors cm......	$1.75	Q	2-23	3-12
$2	Glidden Co. cm.	$0.50	Q	3-20	4-1
7%	Glidden prior pf.....	1¾%	Q	3-20	4-1
$7	Goodrich pf.	$1.75	Q	3-15	4-1
$7	Goodyear T. & R. pf.	$1.75	Q	3-1	4-1
$8	Guantanamo Sug. pf..	$2.00	Q	3-15	4-1
$3	Hudson Motor	$0.75	Q	3-15	4-1
$1	Indep. Oil & Gas.....	$0.25	Q	3-31	4-12
$7	Inland Steel pf.......	$1.75	Q	3-15	4-1
$6	Int'l Shoe cm.........	$1.50	Q	3-15	4-1
$4	Kennecott Copper ...	$1.00	Q	3-5	4-1
$1.20	Kresge (S. S.) cm....	$0.30	Q	3-15	3-31
$7	Kresge (S. S.) pf....	$1.75	Q	3-15	3-31
$6	Mack Truck cm.......	$1.50	Q	3-15	3-31
$7	Mack Truck 1st pf...	$1.75	Q	3-15	3-31
$7	Mack Truck 2nd pf..	$1.75	Q	3-15	3-31
$4	Marland Oil	$1.00	Q	3-20	3-31
$3	Nat'l Biscuit cm.....	$0.75	Q	3-31	4-15
$3	Owens Bottle cm.....	$0.75	Q	3-16	4-1
$7	Owens Bottle pf.....	$1.75	Q	3-16	4-1
$2	Pennok Oil	$0.50	Q	3-15	3-25
7%	Rep. I. & S. pf......	1¾%	Q	3-15	4-1
$2	St. Joe. Lead........	$0.50	Q	3-9	3-20
....	St. Joe. Lead........	$0.25	Ext	3-9	3-20
$10	United Fruit	$2.50	Q	3-5	4-1
....	United Fruit	$2.00	Ext	3-5	4-1
$4	Weber & Heil. cm...	$1.00	Q	3-16	3-30
$7	Weber & Heil. pf....	$1.75	Q	3-16	3-30
$4	White Motor	$1.00	Q	3-10	3-31
$4	Young. Sh. & T. cm,	$1.00	Q	3-15	3-31
$7	Young. Sh. & T. pf..	$1.75	Q	3-15	3-31

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The well-known firm of investment bankers who bring out this booklet have endeavored in the 1925 edition to present a comprehensive story of the business methods which for 44 years have insured the safety of all their underwritings to the end that no investor has ever suffered a loss or been compelled to wait even a single day for the payment of principal and interest upon his securities. (217)

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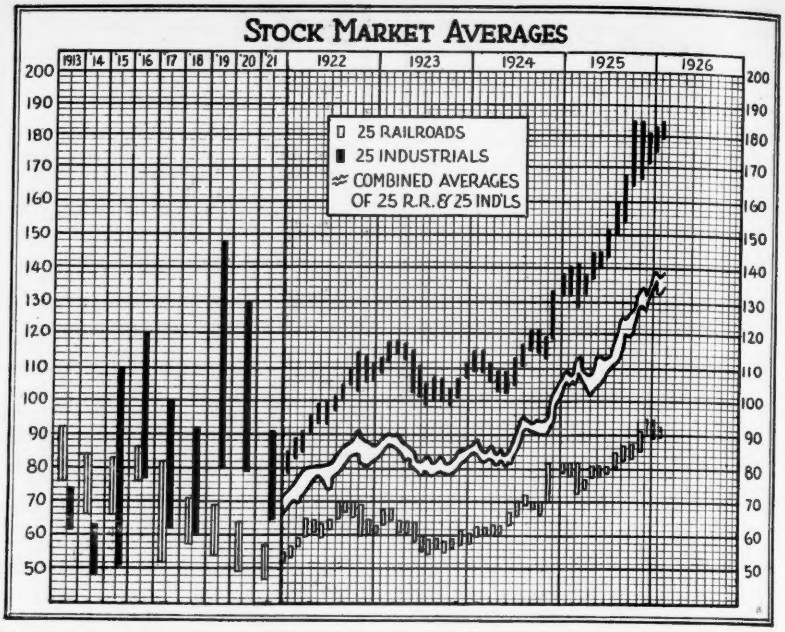
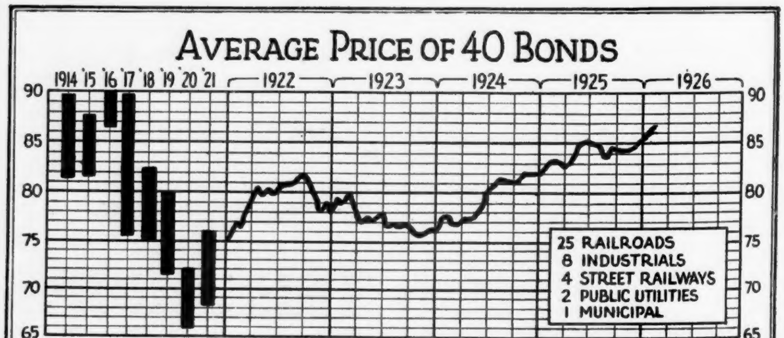
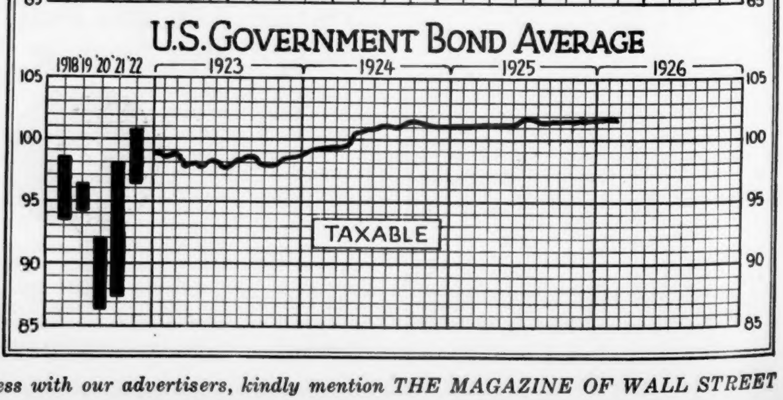


MARKET STATISTICS

	N.Y. Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y. Times —50 Stocks— High	N.Y. Times —50 Stocks— Low	Sales
Thursday, Feb. 4	86.56	160.53	110.93	138.70	136.98	1,947,756
Friday, Feb. 5	86.48	159.98	111.15	138.81	137.25	1,954,608
Saturday, Feb. 6	86.58	159.99	111.05	138.33	137.54	952,586
Monday, Feb. 8	86.70	159.10	110.56	137.93	136.08	2,136,545
Tuesday, Feb. 9	86.71	160.31	110.88	138.41	136.86	1,957,442
Wednesday, Feb. 10 ..	86.77	161.58	111.11	138.91	137.20	1,931,060
Thursday, Feb. 11	86.72	162.31	111.13	138.66	136.74	1,842,672
Friday, Feb. 12		HOLIDAY			HOLIDAY	
Saturday, Feb. 13	86.78	162.08	111.46	139.16	137.32	1,175,365
Monday, Feb. 15	86.70	158.30	109.58	137.20	134.64	2,321,400
Tuesday, Feb. 16	86.80	158.88	110.23	136.45	134.75	1,508,410
Wednesday, Feb. 17 ...	86.93	160.05	110.76	136.70	135.14	1,287,371





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New York Curb Market

IMPORTANT ISSUES

Quotations as of Recent Date*

Name and Dividend	1926 Price Range High	Low	Recent Price
Amer. Gas & Elect. (1).....	99⅝	80	92½
Amer. Super Power A (1.5)..	37⅞	33¼	35½
Amer. Super Power B (1.5)..	45	27¾	35½
Centrif. Pipe (1)	26½	23	23
Cities Service new (1⅓)....	38½	37⅝	38⅛
Cities Service Pfd. (6)......	84	83¾	83¼
Continental Baking B........	30½	18½	21¾
Continental Baking Pfd. (8).	101	97	97
Curtiss Aero	23⅛	20⅝	22
Curtiss Aero Pfd............	89½	80	88½
Devoe & Raynolds B (2.40)..	101½	40	50
Durant Motors	13¾	10⅛	11¾
Elect. Bond & Share (1).....	86	78	81
Electric Investors	74½	66	68
Electric Refrigerator	90½	75	76⅝
Ford Motor of Canada (10)..	629	611	611
General Baking A (5)........	70½	64	70
General Baking B............	17⅞	11½	12
General Ice Cream (2).......	56⅝	52⅛	52½
Gillette Safety Razor (3)....	113¾	106½	109¾
Glen Alden Coal (7).........	166	138½	161½
Goodyear T. & R.............	33¾	33⅛	34
Gulf Oil (1½)	93¾	86½	88
Happiness Candy Str. (50c)..	8¼	6	6¾
Horn & Hardart	62⅞	57½	58
Hecla Mining (1)...........	18	17¾	17½
Intern. Utilities	9⅞	7¼	7½
Lago Oil & Transp..........	25	21	23⅛
Lago Petroleum	12¾	10½	11¾
Land Co. of Florida........	47¾	40	40
Lion Oil & Ref. (2).........	25½	24	25

Name and Dividend	1926 Price Range High	Low	Recent Price
Metre Chain Stores..........	50½	40	40
Miller Rubber new (2).......	43	36	42¾
Mountain Producers (2)......	26	23¾	24
Nat'l Power & Light new....	38⅝	30	30½
New Mex. & Ariz. Land.....	17	12¾	13⅛
Nipissing (60c)	7⅛	6¼	6⅛
Northern Ohio Power	26⅛	15⅞	21
Pacific Steel Boiler	16⅝	15	15⅛
Reo Motor	25⅝	23¾	24
Rickenbacker Motor	9½	7½	7⅛
Salt Creek Producers	36	31¼	32
Servel Corp. A..............	30½	26½	26⅛
Southeast Power & Lt. new.	46¾	36½	36⅛
Southern Dairies A (4)......	55	48	53
Southern Dairies B..........	36¾	26¾	36
Stutz Motors	37¾	29	31⅛
Trans Lux	14	11	11¼
Tubize Artif. Silk...........	240	200½	229
Tobacco Products Export....	5	4¼	4⅝
Union Carbide (5)...........	85¼	77¼	81
Victor Talking Machine......	97⅝	86	86⅛
STANDARD OIL STOCKS			
Continental Oil (1)	25⅞	22¾	23
Humble Oil (1.20)...........	99⅝	87¾	91¾
Intern. Petroleum (50c)	35⅛	32	33
Ohio Oil (2)	67⅝	61¼	64
Prairie Oil & Gas...........	60¼	55	56¼
S. O. of Indiana (2½).......	70½	65¼	66¼
S. O. of New York (1.40)....	47¼	35¾	36
Vacuum Oil (2)	109⅝	102¼	103

*Dividends quoted dollars per share. Feb. 17.

A WAVE of selling swept over the Curb during the past fortnight, stimulated by bear raids on other exchanges, and carried prices downward. The selling was fairly evenly spread throughout the various groups: oils, mining, public utility and industrial issues selling off to an equal degree. One notably weak spot in the industrial group was *Devoe & Raynolds B* stock which sold off more than 50 points in sympathy with a similar drop in the *A* stock on the New York Stock Exchange. *Miller Rubber*, which was previously subject to frequent weak spells, on the other hand, advanced several points in the face of a general declining market. There were no important developments outside of the market itself to which the selling could be attributed and it was essentially a corrective movement.

The *Pacific Steel Boiler Corporation common stock* is a newcomer on the Curb that so far has played an inconspicuous part but which has a good outlook for a long pull. The company manufactures a small steel boiler which is used in homes of the larger type, office buildings and small factories. The boiler design is thoroughly protected by patents and is said to operate with a fuel saving of about 50% over the ordinary type. Its use is universal since it can be efficiently fired with any kind of fuel, namely, hard or soft coal, fuel oil or gas. The company's product was used exclusively by the government during the war, and since 1919 the company has been engaged in the manufacture and sale of various types and sizes of boilers from a comparatively small but efficiently equipped modern plant at Waukegan, Illinois.

The company has only one class of stock outstanding and has no funded indebtedness other than a small mortgage of $233,600 of a subsidiary company. Cash on hand is sufficient to pay off this mortgage as well as all current indebtedness with a balance to spare. The ratio of current assets to current liabilities is better than six to one. The company is well equipped financially to take advantage of its favorable prospects for the future in a profitable manner and increase production to meet the ever increasing demand for its products.

The shares of the company found a market place on the Curb in connection with a recent offering of 70,000 shares of no par value, the proceeds from which will be devoted to the acquisition of another plant on the Atlantic Seaboard. The eastern plant will increase the production capacity about 50% and will enable the company to effect a saving of about $50 a boiler in freight rates. The low fuel cost has given the company a definite advantage in the Eastern market, especially in office building installations. On the basis of sales now being made in the East, the freight saving alone is calculated at about $1 a share on the 160,504 shares of common stock outstanding. Current earnings are about $1.15 a share and are expected to increase at least 50% this year on the larger production. Pacific Steel Boiler at around $15 seems a favorable speculative commitment, from a long-range point of view and should work into higher ground with the new earning power.

Along Financial Main Street with Our Advertising Manager

In the January 16th issue, I pointed out the desirability of this publication as an advertising medium because of its unusually high type of readers.

I believe you will be interested in knowing the occupations of our subscribers and list the following percentages for your information:

Corporation Officials	**35 per cent**
Presidents	53 per cent
Vice Presidents	28 per cent
Treasurers	10 per cent
Secretaries	9 per cent
Office Executives	**16 per cent**
Bank Officials	**24 per cent**
Factory Managers and Superintendents	**5 per cent**
Merchants	**15 per cent**
Self Owners of Businesses	66 per cent
Partners	34 per cent
Professional Men	**4 per cent**
Miscellaneous	**1 per cent**

These figures are authentic as our subscription blanks request the occupation of subscribers and this information was compiled from this source.

The Magazine of Wall Street is the gate-way to big business as its readers are *financially able* to buy your product or service.

Why not suggest to your Advertising Department that they look into its posibilities for your Company?

I will be glad to co-operate with them in every way!

Victor E. Graham

Vice President & Adv. Mgr.

Important Changes in Capitalization of Leading Companies

(*Continued from page* 838)

INDEPENDENT OIL & GAS CO.

Sold (Jan. 26) 5-yr. s. f. 6½% g. Notes, '31, with Stk. purchase warrants $3,000,000
(Part of proceeds to retire floating indebtedness)

INTERNATIONAL HARVESTER CO.

Acquired (Jan. 27) controlling interest in extensive timber properties in British Columbia.

INTERNATIONAL PAPER CO.

Converted (Feb. 6) Piercefield, N. Y., mill from production of manila and bag paper to bond paper (daily capacity, 50 tons bond paper) at cost of $500,000

LIGGETT & MYERS TOBACCO CO.

Paid, to Com. and Com. "B" Holders of record Feb. 10, a Div. of 10% in Com. "B" $5,401,325

LOUISIANA OIL REFINING CORP.

Created (Jan. 18) new issue of $4,000,000 6% Cum. Pfd. Stk., convertible into 4 shs. Com. Stk., and Increased Auth. Com. Stk. from 1,200,000 shs. to 1,360,000 shs. (To provide for conversion of new 6% cv. Pfd.)
Offered, to Com. Holders of record Jan. 29, right to subscribe, at $100, to 35/1,000 sh. new 6% Cum. cv. Pfd. Stk. for each sh. held..$4,000,000
(Part of proceeds to acquire an interest in the BEACON OIL CO., of Mass.; 44½% of the Com. Stk. of which is owned by the MASSACHUSETTS GAS. CORP.)

NASH MOTORS CO.

Retired (Feb. 1), at $105, all 7% Cum. Pfd. Stk...........$15,018,700
Paid, to Com. Holders of record Feb. 11, a Div. of 900% in Com. Stk. (Ex. Div. Feb. 23) ....shs 2,457,000
(Co. plans to pay annual cash Divs. of $2 on increased Com. Stk.)

NATIONAL POWER & LIGHT CO.

Sold (Feb. 3) Add. 7% Cum. Pfd. Stk....................shs 100,000

NEWPORT NEWS & HAMPTON RAILWAY, GAS & ELECTRIC CO.

Control acquired (Feb. 1) by FITKIN UTILITIES, INC., through purchase of 80% of Com. & Pfd. Stks. Co. will be transferred to the NATIONAL PUBLIC SERVICE CORP., the Fitkin Utility Holding Co.

NEW YORK CANNERS, INC.

Retired (Feb. 1), at $110, all 7% 1st Pfd. & 8% 2d Pfd. Stks.$2,343,200

NEW YORK, NEW HAVEN & HARTFORD R. R. CO.

Operated (Feb. 6) 777 miles of bus lines, supplementing its 1,958 miles of railroad, and 25 gasoline cars on 567 miles of rail line.

PENNSYLVANIA R. R. CO.

Decided (Feb. 10) to organize a Subs., the PENNSYLVANIA GENERAL TRANSIT CO., to begin operation of bus lines in 55 of the 67 counties of Pennsylvania.

PHILADELPHIA RAPID TRANSIT CO.

Increased (Jan. 20) Auth. 7% Pfd. Stk. (par $50) from $3,000,000 to $18,000,000.
Offered, to Com. and/or Pfd. Holders of record Jan. 29, right to subscribe, at $50, to ½ sh. new Pfd. for each sh. held. ($3,000,000 of proceeds to acquire YELLOW CAB CO. of Phila., and $2,000,000 for garages, etc. Taxicab income will be merged with earnings from other P. R. T. units.)

POSTUM CEREAL CO.

Acquired (Feb. 1) property and assets of IGLEHEART BROTHERS of Evansville, Ind., Mfrs. of cake flour, in exchange for Cap. Stk. shs 95,000

PUBLIC SERVICE CORP. OF NEW JERSEY

Construction budget for 1926 announced Jan. 30, calling for expenditures of $55,000,000 including an order for 333 gas-electric buses.
Offered, to all classes of Stockholders of record Feb. 5, right to subscribe, at $80, to 1/10 sh. Add. Com. Stk. for each sh. held..shs. 153,950

PURE OIL CO. (THE)

Redeemed (Feb. 1), at par, all 5½% ser. pur. Notes, due Feb. 1 & Aug. 1....................$6,000,000

RAILWAY STEEL SPRING CO.

Exchanged (Jan. 27) 2 shs. new $50-par Com. for each sh. old $100-par Com. $13,500,000
Paid, to Com. Holders of record Jan. 27, a Div. of 50% in Com. Stk. $6,750,000
(Ex.Div. Feb. 9. Co. plans to pay annual cash Divs. of $4 on increased Com. Stk.)

ST. LOUIS-SAN FRANCISCO RY. CO.

Acquired (Jan. 22) substantial stock interest in the CHICAGO, ROCK ISLAND & PACIFIC RY. CO., with intention to merge same into the greatest railway systems in the world. Planned to finance purchase through issue of $5,000,000 2-yr. 5% Notes, balance in cash.
Sold (Feb. 1) eq. tr. 4½s, '27-'41, Series "BB"............$7,800,000

STANDARD GAS & ELECTRIC CO. (Operating Subs. of STANDARD POWER & LIGHT CORP., of Del.)

Acquired (Jan. 28) H. M. BYLLESBY & COMPANY'S interest in the parent Co. Last June, Co. obtained Stk. control of the PITTSBURGH UTILITIES CORP., which controls the PHILADELPHIA CO.
Sold (Feb. 1) 20-yr. deb. 6s, '46....................$7,500,000
(Proceeds toward acquiring the CALIFORNIA OREGON POWER CO. and the WISCONSIN PUBLIC SERVICE CORP. See our issue of Jan. 30.)

UTILITIES POWER & LIGHT CORP.

Acquired (Jan. 1) water & electric properties of the OCEAN GROVE CAMP MEETING ASSOCIATION.
Sold (Jan. 1) its water distributing system in Deal, N. J., to TRENTON MANOR WATER CO., a competitor; but retained all its real property in that city.
Issued (Jan. 13), for Add. Stk. of INTERSTATE POWER CO., and other Subs., Add. Class "A" Stk....................shs. 12,753

VIVAUDOU (V.), INC.

Changed par value of Com. from $10 to no par (Jan. 5), and Increased Auth. Com. Stk. from 340,000 shs. to 500,000 shs.: also Created new issue of 25,000 shs. (par $10) 7% Cum. Pfd. Stk., convertible into 3 shs. Com.
Created new issue of 25,000 shs. (par $100) 7% Cum. Pfd. Stk., con-per Unit (1 sh. no-par Com. plus 1 sh. new 7% Cum. cv. Pfd.), to 1/20 Unit new Stk. for each sh. Com. held. Proceeds—$1,785,000—toward acquiring all Out. Stk. of ALFRED H. SMITH CO., which owns U. S. & Canadian rights to the "Djer-Kiss" line of perfumes and toilet articles.)
Exchanged (Jan. 20) 1 sh. new no-par Com. for each sh. old $10 par. Com....................shs. 340,000

Commodities Section

Cotton—Wheat—Corn

(*Continued from page* 868)

COTTON From being a featureless and drifting market, cotton has now become a puzzling market, with Liverpool as the key to May delivery, and the plight of the shorts as the key to March prices. With only 22,000 bales of certificated cotton in New York to tender as delivery on March contracts, the shorts have been covering on that contract on every recession. There is small possibility that March will be hammered down any, as no shipments from the South, to assist short sellers of the month, seem to be in evidence. Insistent mill demand has also strengthened March. At 20.10 it commands a 60 point premium over May, which is the market's answer to any expectation of weakness. A still further source of strength to March have been straddle purchases originating in Liverpool to equalize quotations. March for once is 20 points *lower* in Liverpool than in New York. May is only 20 points higher in Liverpool than in New York. Exports are made impossible by this tiny differential. Since straddles have been ineffective, it seems evident that Liverpool prices will displace our own, and that our May will reflect the weakness in May in Liverpool. New crop acreage appears to be about the same as last year, and weather favorable to ploughing. Only the weevil menace favors the bullish opinion.

WHEAT With 20 million bushels of Canadian wheat on the farms, and with poor export demand Winnipeg showed weakness that appeared fundamental. May has declined to $1.65 despite tremendous resistance at that level. Pool operations in May, based on the wild over-optimism of two months ago, petered out and then smashed. Sentiment is bearish all around. As for winter wheat it now appears that the domestic crop will be large. An interesting sidelight has been the sudden commanding position of Russian grain in Northern Europe. This is confirmatory of our skepticism concerning the reports of an utter absence of an export surplus in that country. July at 1.48 and September at 1.41 measure the extent of the bearish reaction.

CORN Cash grain has acted more unfavorably than ever this fortnight. Liberal supplies have come into the cash market. Hence, general selling took place in futures, under pressure from weakness in spot market. May sank to 78 cents. July stood up best at 81 cents, but reports of good weather reduced premium on September from 4 cents to only 1 cent over July. An appallingly large percentage of cash corn grades low.

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Marland Oil Company

With net earnings in 1925 of $7.80 a share on the present outstanding stock, no funded debt, strong financial position and large oil reserves, this Company is strongly intrenched in the oil industry.

Descriptive Circular on Request

F. S. SMITHERS & CO.

Members New York Stock Exchange

19 Nassau Street New York

GUANTANAMO SUGAR COMPANY

The Board of Directors has this day declared a dividend of two dollars ($2.00) per share on the Preferred Stock, for the quarter ending March 31, 1926 payable April 1, 1926, to stockholders of record at the close of business March 15, 1926. The Transfer Books will not be closed.

JOHN WOLLPERT, Treasurer.

New York, February 11, 1926

TEXAS GULF SULPHUR COMPANY

A quarterly distribution of $2.50 per share has been declared by the Board of Directors payable on March 15, 1926 to stockholders of record at the close of business on March 1, 1926.

Stockholders will be advised later as to what portion of said distribution is from Free Surplus and what from Reserve for Depletion.

H. F. J. KNOBLOCH, Treasurer

Dividends

Associated Gas and Electric Company

61 Broadway, New York

THE J. G. WHITE MANAGEMENT CORPORATION
Managers

$6.50 Dividend Series Preferred Stock

The Board of Directors of Associated Gas and Electric Company has declared the regular quarterly dividend of $1.62½ per share on its $6.50 Dividend Series Preferred Stock, payable March 1, 1926, to stockholders of record at the close of business February 10, 1926.

This dividend was also made payable in Class A Stock at the rate of six one-hundredths of one share of Class A Stock for each share of $6.50 Dividend Series Preferred Stock held. On the basis of $32.00 per share for the Class A Stock, this dividend is at the rate of $7.68 per share per annum.

Stockholders may purchase sufficient additional scrip to complete a full share or sell their scrip at the rate of $1.00 above or below, respectively, the last sale price of Class A Stock on the day preceding.

M. C. O'KEEFFE, Secretary.

The North American Company

QUARTERLY DIVIDEND No. 88 ON COMMON STOCK

A Quarterly Dividend of 2½% on the Common Stock will be paid April 1, 1926, in Common Stock at par, being at the rate of 1/40th of one share for each share held of record at the close of business March 5, 1926.

QUARTERLY DIVIDEND No. 19 ON PREFERRED STOCK

A Quarterly Dividend of 1½% (75c a share) on the Six Per Cent. Cumulative Preferred Stock will be paid April 1, 1926, to Preferred Stockholders of record at the close of business March 5, 1926.

ROBERT SEALY, Treasurer.

New York, February 19, 1926.

Independent Oil & Gas Company

Tulsa, Okla., January 26, 1926.

Dividend No. 14

Notice is hereby given that the Directors of this Company, at the regular quarterly meeting held January 25, 1926, declared the regular cash dividend for the first quarter of 1926 of 25c per share, payable April 12, 1926 to stockholders of record at close of business March 31, 1926.

R. M. RIGGINS,
Secretary & Treasurer.

American Telephone and Telegraph Company

BELL SYSTEM

146th Dividend

The regular quarterly dividend of Two Dollars and Twenty-Five Cents ($2.25) per share will be paid on April 15, 1926, to stockholders of record at the close of business on March 15, 1926.

H. BLAIR-SMITH, Treasurer.

THE MENGEL COMPANY

The Board of Directors of The Mengel Company, February 15th, 1926, declared the regular quarterly dividend of 1¾% on the Preferred Capital Stock of the Company payable March 1st, 1926 to stockholders of record at the close of business February 23rd, 1926.

J. C. DORMAN, Secretary.

Any Preferred Stock to be transferred should be sent to this office, Eleventh and Dumesnil Streets, Louisville, Ky.

J. C. DORMAN, Secretary.

Louisville, Kentucky, Feb. 15, 1926.

THE OPPORTUNITY EXCHANGE
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Business Opportunities

WANTED—BROKERS—SALESMEN to sell Preferred shares in sound, seasoned Royalty Company six years old pays monthly cash dividends. 118% paid to date. Company owns royalty interests in 140 properties in Mid-continent field with over 600 producing wells. Write Hyland & Co., Kennedy Bldg., Tulsa, Okla.

Meetings

National Enameling & Stamping Company

Notice of Annual Meeting of Stockholders

The Annual Meeting of the Stockholders of the National Enameling & Stamping Company will be held at the office of the Company, Number 1 Exchange Place, in the City of Jersey City, State of New Jersey (office of New Jersey Corporation's Agency), on the Second Tuesday in March, to-wit: on the 9th day of March, 1926, at two o'clock P. M., standard time for the following purposes, namely

1. To elect Directors to hold office for the term of one year and until their successors are elected.

2. To transact all such other business as may legally come before the meeting, including the approval and ratification of all action of the Board of Directors and of the Executive Committee since the last meeting of the Stockholders of this Corporation.

Only Stockholders of record at the close of business, Tuesday, February 16, 1926, are entitled to vote at this meeting provided the stock has not been transferred upon the books of the Company during the period from February 17, 1926, to March 9, 1926, both inclusive, as provided in Article I, Section 4, of the By-laws of the Company.

By order of the Board of Directors.

C. M. FOX, Secretary.

Dated February 15, 1926

AHUMADA LEAD COMPANY

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of the Stockholders of the Ahumada Lead Company will be held at the office of the Company, Room 325, Pacific Southwest Bank Building, Colorado Street and Marengo Avenue, Pasadena, California, on Monday, the Fifteenth day of March, 1926, at eleven o'clock a.m., for the election of Directors and for the transaction of such other business as may come before the meeting, including the consideration, approval and ratification of all acts and proceedings of the Board of Directors during the past year.

The transfer books will not be closed; and only those stockholders of record at the close of business on Saturday, February 20th, 1926, will be entitled to vote at said meeting.

JOHN F. BANKERD, Secretary

Dividends

CIGARS UNITED

UNITED CIGAR STORES CO. OF AMERICA

Common and Preferred Dividends

The Board of Directors has this day declared the following regular quarterly dividends.

On the Preferred Stock, a dividend (No. 54) of 1¾% payable March 15, 1926, to stockholders of record at the close of business on March 1, 1926.

On the Common Stock, a cash dividend (No. 54) of 2%, and a stock dividend of 1¼% payable in common stock on March 31, 1926, to stockholders of record at the close of business on March 10, 1926.

The stock books will not be closed.

GEORGE WATTLEY
Treasurer

Dated February 15, 1926

METRO-GOLDWYN PICTURES

February 13, 1926.

A quarterly dividend of 1¾% on the Preferred Stock of Metro-Goldwyn Pictures Corporation has been declared, payable March 15th, 1926, to stockholders of record at the close of business on February 27th 1926. Checks will be mailed.

DAVID BERNSTEIN, Treasurer.

E. I. DU PONT DE NEMOURS & CO.

Wilmington, Del., February 15, 1926.

The Board of Directors has this day declared a dividend of 2½% on the outstanding Common Stock of this Company, payable March 15, 1926 to Stockholders of record at the close of business on March 1, 1926; also dividend of 1½% on the Debenture Stock of this Company, payable April 26, 1926 to stockholders of record at the close of business on April 10, 1926.

CHARLES COPELAND, Secretary.

CRANE CO.

Dividend Notice

At a meeting of the Board of Directors today a quarterly dividend of one and three quarters per cent (1¾%) on the Preferred Stock and one and one-half per cent (1½%) on the Common Stock was declared, payable on March 15, 1926, to Stockholders of record March 1, 1926.

H. P. BISHOP, Secretary.

February 16, 1926

Business Opportunities

Salesmen calling on banks can make handsome money taking contracts for our Pictorial News Service to increase savings accounts. Costs bank only $1.25 weekly. Your commission $20 advanced on each contract. $120 weekly full time, $60 part time certain. Illustrated Current News, Division F, New Haven, Conn.

Charters

DELAWARE incorporator; charters; fees small; forms. Chas. G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

UNITED STATES REALTY AND IMPROVEMENT COMPANY

111 Broadway, New York City

The Directors of this Company to-day declared a quarterly dividend of one dollar ($1.00) on each share of its stock without nominal or par value issued and outstanding, payable on March 15th, 1926, to holders of record of such stock at the close of business on March 5th, 1926.

For the purpose of such dividend, holders of record at the close of business on March 5th, 1926, of certificates for shares of common stock of the par value of one hundred dollars, which shall not have been exchanged for certificates of stock without nominal or par value, shall be deemed the holders of record of two and one-half shares of stock without nominal or par value for each share of common stock of the par value of one hundred dollars held on said date, as if such exchange had been made and shall be entitled to said dividend.

Dated New York, February 18, 1926.

ALBERT E. HADLOCK, Treasurer.

Remington Typewriter Company

First and Second Preferred Dividend No. 79

New York, February 9, 1926.

The Board of Directors has this day declared a quarterly dividend of 1¾% ($1.75) per share on the First Preferred and Series "S" First Preferred stocks, payable April 1, 1926, to stockholders of record March 15, 1926.

The Board of Directors also declared a quarterly dividend of 2% ($2.00) per share on the Second Preferred stock, payable April 1, 1926, to stockholders of record March 15, 1926.

HAROLD E. SMITH,
Secretary.

Tennessee Copper & Chemical Corporation

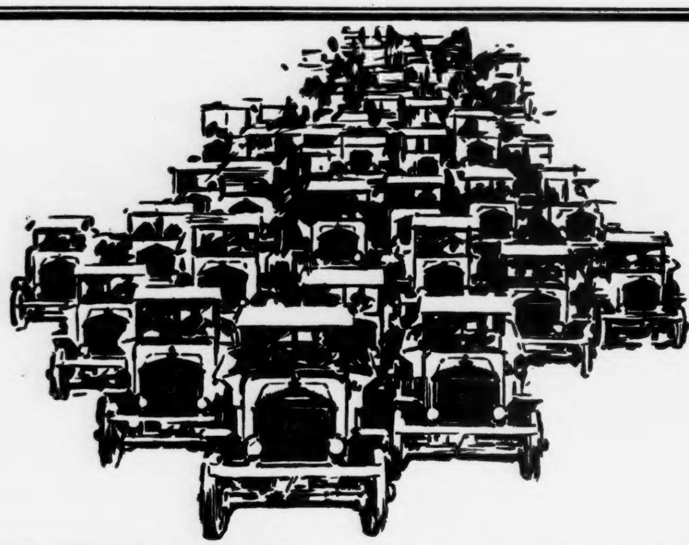
61 Broadway, New York

February 9, 1926.

The Board of Directors of the Tennessee Copper & Chemical Corporation has this day declared a quarterly dividend of twenty-five cents (25c) per share, on the issued and outstanding capital stock of the company, payable March 15, 1926, to stockholders of record at the close of business on February 27, 1926. The books will not close.

E. H. Westlake, Treasurer.

3 Firms Invest Nearly $1,000,000 *in Pierce-Arrow Trucks*



THREE New York firms—The James Butler Company, The Colonial Sand & Stone Company, Lenox Sand Company—recently purchased Pierce-Arrow fleets whose total value is nearly one million dollars.

In each instance, these firms could have bought an equal number of trucks for thousands of dollars less than Pierce-Arrows cost them.

One of these firms wrote:

"The price we pay for Pierce-Arrows is returned many times over because they last longer, do more work, cost less to operate and maintain, and have a greater resale value."

Think it over.

Let the nearest Pierce-Arrow representative show you why more Pierce-Arrow trucks are being sold today than ever before in the history of the company. You will be interested in knowing what Pierce-Arrow trucks are doing in *your* line of business.

Sizes:	Chassis prices
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Terms if desired

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Trucks